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THE ANNUAL PLAN
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PREFACE

This is the Second Annual Plan to be prepared in Tanzania. The first, for fiscal ar 1970/71, was incorporated in the Annual Economic Survey of 1969, published June, 1970. This year, for the first time, the Annual Plan for 1971/72 is being blished as a separate document. Readers are, however, invited to use it in njuction with the Economic Survey for 1970, since the latter contains much of the tailed analysis of past trends, and statistics, on which this Annual Plan is based.

A number of features are incorporated in this Plan for the first time. A compre- nsive finance and credit plan for the public sector, and a foreign exchange plan, mprise the main tools of short-run economic management. They are introduced so to help ensure that scarce financial resources are put to priority uses. In dition to the usual presentation of the capital expenditure programme of the vernment and parastatals, this Plan also sets out some of the major development sues to be tackled during the coming year, and a programme for future planning ork. In all these matters this document presents the government's views and cisions.

A further innovation in connection with the Annual Plan for 1971/72 has been the ublication, in early March, 1971, of the "Guidelines" to the Annual Plan. These ut forward the basic proposed elements of the plan for public discussion, which ssued in various forums. These discussions successfully brought out a number f points which have been incorporated in this Annual Plan. However, the broad cope of the "Guidelines" document, the lack of specified concrete issues for meaning- l debate, and the short, 6-week, period available in which to react, made this public scussion less fruitful than it could have been. Next year, the timetable for roduction of the Plan will be advanced to help remedy these defects.

The Annual Plan which follows is divided into six chapters. Chapter I describes he state of the economy today, and the broad implications for the 1971/72 Plan. hapter II reviews the main features of Plan implementation in 1970/71. Chapter II sets out the main framework and objectives for the Annual Plan 1971/72 and uts forward the financial plan, the foreign exchange plan and the main features of he expenditure programme for the coming year. Chapter IV describes, for each najor sector in the economy, the major expenditure plans and agreed objectives for he coming year, plus new issues which must be considered. Chapter V sets out the nain rural development objectives and the Plans for each of the eighteen Regions, lus further new issues to be considered. Chapter VI, in conclusion summarises the lanning work that will comprise the essence of the mid-Plan review, and the discusses he outlook for 1972/73.

PART I

INTRODUCTION - GENERAL ECONOMIC POLICY

(i) The State of the economy

The period since the Arusha Declaration in 1967 has been one of great progress and change on three broad fronts. Firstly, the socialization of the economy has proceeded apace, starting with the financial institutions and major foreign enclaves in the economy, and culminating more recently in the progressive socialization of the wholesale trade and major rental properties. Secondly, it has been a period of rapid institutional change as new instruments have been forged at national and local levels to implement the country's socialist policies. Thirdly, while these changes in society were taking place, the country has been investing at an accelerating rate in its basic social and economic infrastructure, concentrating on primary and secondary schools and higher education, highways, bridges and other forms of transportation, water supplies, storage, electric power, and administration. All this was accomplished during a period of rapid localization. Today all key administrative positions, and an increasing proportion of senior parastatals posts, are held by citizens, although serious manpower development bottlenecks remain.

Thus the past four years have been years of rapid institutional development. And this has been accompanied by substantial economic growth, though plan targets were not achieved.. Since 1967, and continuing during the first two years of the Second Plan, the average annual growth in the production of goods and services has been around 4 per cent to 4½ per cent in constant prices, one third lower than the growth targets of both the First and Second Plans. On the export side, the growth rate over the last two years has been satisfactory. However the level reached is lower than the Plan expected, and in 1970 exports were still below the record 1966 level. Because population has been rising too, and since the investment effort has used up resources that otherwise would have been consumed, the actual standard of living of the bulk of the people has improved only slightly over the period since 1966. The level of public services provided—health, communications, education and water supplies—have however markedly improved the quality of life in many areas.

The causes of these shorfalls in output and exports are complex. Basically in agriculture the problems have been on the supply side, as in cotton, wheat and livestock, for example, although some export price trends have been adverse. In industry, the rate of growth has slowed in part because of the decline in project starts in the 1967/69 period. The investment surge has not wholly benefited the domestic economy because it has resulted in demand for foreign as well as local goods. For many years, also, the bulk of our investment has been in infrastructure projects, rather than directly productive sectors, and this may have postponed the acceleration in growth.

By the middle of 1970, it was becoming apparent that the economy was under strain, as the rate of expenditure by government and parastatals began to exceed the resources available, and as the need for better management and operation in existing institutions was felt more strongly. There were two basic causes of the emergence of the public finance constraint. Firstly, as mentioned above, the slower than expected growth rate meant that over the 1969 to 1971 period total output was about Shs. 700 million less than expected in the Plan. For the same reason, about Shs. 150-175 million of expected tax collection was not realised. Secondly, on the expenditure side the level of investment in fixed assets and stocks—mainly by government and parastatals—rose to the unprecedented level of over 25 per cent of monetary gross domestic product, while at the same time the level of recurrent expenditure surged ahead as schools, hospitals, roads, and other facilities built or acquired earlier, came into use.

The growth in investment by 37 per cent in 1970/71, following a similar rise the previous year, represents a breaking of the implementation bottleneck that had held down the investment rate. Simultaneously, a number of large projects—the Dar/Tunduma road, TanZam railway, Kilimanjaro Airport, Tanga jetty and fertilizer plant, cement plant and major hotels were allowed to proceed with little budgetary restriction. Unfortunately, this break through was largely concentrated on major projects, undertaken mainly with foreign contractors, and was not accompanied by a similar growth in directly productive—and especially rural—investment. It also revealed that manpower constraints still affected the quality of project preparation.

The pressure on construction capacity and the supply of local goods caused certain price increases and imports also rose sharply—faster than the rapid increase in foreign borrowing—causing a down-ward movement in our foreign reserves. The situation was aggravated by a number of temporary external factors, including delays in foreign aid disbursements and export receipts. The levels reached in no way endangered the economy but it was clear that if these trends were allowed to continue, further losses of reserves would have occurred, and with them would have gone some of our economic independence.

Faced with this situation, the government decided to take early corrective action. Firstly, in September, 1970, limits were placed on lending by the National Bank of Commerce, and secondly, in February, 1971, further measures were introduced to curtail unwarranted foreign exchange outflows, as well as evasion of fiscal measures. Thirdly, in March, 1971 action was taken to readjust government expenditure for the 1970/71 financial year. Preliminary indications are that the economy has reacted favourably to the measures the Government has taken so far.

(ii) Main Implications for the Annual Plan 1971/72

It has been difficult to stem the momentum of expenditure growth, in order to introduce the policy of consolidation for 1971/72. The level of expenditure ongoing capital projects is very high. Projects such as the Tanzam Road and railway, Tanga Jetty, tea, tobacco and livestock projects, the Kidatu power project, the secondary school programme, urban and rural water supplies and other commitments together accounted for more than the available resources in the development budget. Most of these projects are also tied to external sources of funds. Nevertheless it has been possible to accommodate virtually all priority projects within the present limit of Shs. 768 million*. For comparison the actual spending in the year just ending is likely to be about Shs. 850 million*.

The main planning objective in 1971/72 is to devise practical measures to improve the rate of growth of the economy so as to attain the plan target and break away from the persistent 4½ per cent of recent years. In doing this, traditional and new exports also will have to be promoted by appropriate policies. This increase in output growth will have to be achieved at an investment level only a little greater than at present, so this may mean giving relatively less emphasis to major economic infrastructure projects which so far have dominated the development budget, whereas productive projects should have a larger share. Any further infrastructure projects will have to pass stringent tests of feasibility. The investment limitation means, however, that increased output will have to come mainly from existing assets, and thus the stress must turn also to planning current inputs, marketing and pricing policies. Planners must stress *production* planning as well as *investment* planning

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*Excluding Tazara.

Considerable emphasis will have to be put on those export crops with sound price prospects—meat, timber, cotton, tea, tobacco, vegetables and fruit, nuts, etc., and on import substitution as in wheat, sugar and dairy products. Real growth can also be achieved by reducing the cost to the consumer of basic foodstuffs—rice, maize, fish, vegetables, poultry and dairy products etc. This can be achieved in part by better marketing arrangements, price policies, and by concentrating production in lowest cost areas.

In the field of manufacturing industry, there is still scope for import substitution in a number of fields, as well as scope for reducing production costs in existing plant and passing the savings to the consumer. In the short run, the basic policy must be to avoid high import-content, high capital cost plants, and projects that require high effective protection. To achieve this, careful project appraisal must be maintained so as also to avoid the cost escalation that has plagued most industrial projects to date.

Given the financial constraints the second main objective in 1971/72 must be to improve the efficiency of *existing* organisations. In many cases, as in the wholesale trade, the parastatals acquired existing operations. The real challenge of socialisation, though, is not just to operate ongoing concerns, but to improve their efficiency, because only in this way will the people benefit in the long run. Only in this way, too, will the economy benefit from the stream of savings that in the past accumulated mainly in the private sector, but which now must be sought in part from the parastatals.

The third area in which planning work must be concentrated over the coming year is that of rectifying the urban/rural balance of the development effort. So far, it has been heavily weighted towards urban areas; a deliberate attempt will have to be made to change this, a change that will also require that more planning resources, and external finance, are put into the rural sector. The recurrent expenditure pattern and credit policies must also be aimed at the rural areas.

The three broad areas defined above comprise the basic framework of policy planning for 1971/72 and beyond. There are, however, a large number of specific issues to be resolved, and investigations undertaken, during the coming year. These follow from the analysis contained in the Economic Survey, and are put forward in detail in parts IV and V below. These issues will be studied within the context of the mid-plan review which will be carried out this year. This is discussed further in Part VI below.

PART II

PLAN IMPLEMENTATION 1970 - 1971

(a) Summary of Performance

The performance of the economy as a whole is reviewed in the Economic Survey. The main conclusion was that 1970, and fiscal 1970/71, were periods of progress, but that progress had brought various strains that required, and received, corrective action. The main tools used too implement the Plan as set out in last year's Annual Plan were expenditure through the government and parastatal budgets and the manpower plan. This chapter reviews implementation trends to the extent that information exists, and identifies some of the main implementation problems.

In aggregate terms, there is no doubt that 1970/71 saw the breaking of remaining implementation bottlenecks for large infrastructure and capital-intensive projects. Actual development expenditure through the budget will probably rise to Shs. 850 million in 1970/71 or 37 per cent over 1969/70, following a rise of 32 per cent in 1969/70 and 34 per cent in 1967/69. Had not financial ceilings been imposed during 1970/71, expenditure could have exceeded Shs. 900 million. Around 4 per cent of the increase is caused by expenditures that now pass through the budget but which used to be disbursed direct to parastatals and perhaps 5 per cent of the increase is due to price increases, but the rest is for various, mainly large projects. Most of these projects are also vehicles for external finance, so 1970/71 also saw a sharp improvement in the external borrowing situation—external borrowing having been below Plan targets for many years.

However, the improvement in implementation performance is not universa
In many rural areas, which in any case receive a disproprotionately small amount o
development funds, implementation progress is worse than average and finance i
often not the constraint. Recurrent expenditures in rural areas have however steadil
increased, and have had an important developmental impact. This is particularl
true of programmes of Kilimo, Elimu, Maji, Comworks and Health. Also, eve
in projects that proceed fast, in expenditure terms, physical progress lags behind
reflecting cost over-runs. The cost increases can be traced to two main sources
increased cost of buildings materials and construction costs due to pressure on th
capacity of the building industry, and poor project preparation, involving onl
notional costing in the original projects. e.g. Kilimanjaro International Airpor
plan estimate was Shs. 70 million while the present estimate is approximately Shs
100 million. In some cases these changes have been brought about by changin
circumstances, but in most cases are due to under-estimating the actual facilitie
required. In other cases projects completed on time and within cost limits, remai
underutilised because of defective planning of complementary activities.

(b) Public Finance

The main trends in government finance are shown in the following table:—

Shillings million	1965/66 Actual	1968/69 Actual	1969/70 Actual	1970/71 Estimated Actual
Revenue	892	1,269	1,577	1,695
Recurrent Expenditure	—888	—1,186	—1,527	—1,630
Surplus	+4	+83	+50	+65
Development Expenditure	—230	—461	—614	—850
Sub-total	—226	—378	—564	—785
Financed by:				
Local borrowing (non-bank)	79	68	125	132
Local brrowing (bank)	(0)	163	255	333
Foreign borrowing	84	123	122	310*
Other	(63)	24	62	10
	+226	+378	+564	+785

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*Some of these receipts relate to 1969/70 expenditures.

1970/71 thus saw a continuation of the trends observed last year. Revenue growth was buoyant, aided by new taxes, and grew at about the same rate as GDP, thus remaining at the high level of 27 per cent of monetary GDP. Recurrent expenditure nevertheless also grew fast mainly in 1969/70 with the net result that recurrent expenditure growth since 1968/69 has far exceeded the Plan expectation of 7½ per cent annual rise, and government savings have been below Plan target. At the same time, the further extraordinary and partly unexpected strides in the country's capacity to implement development projects let to a 37 per cent increase in capital expenditure to a level over Shs. 100 million higher than the Plan implied for 1970/71. The first year of the Plan, in contrast, saw capital expenditure slightly below the Plan target.

These 1970/71 expenditures exceeded the resources available, despite a welcome increase in foreign borrowing which reached the Plan target for the first time. Accordingly, it became necessary to borrow more heavily from the banking system, continuing a trend that began in 1968/69. Until late in 1969 the banking system was relatively liquid, and this borrowing did not have significant expansionary effect. Subsequently, however, the sluggish growth of the economy and increasing new demands for new credit meant that there was competition for available resources, and prices and imports rose a little.

When it became apparent that the economy was under strain, the government took a series of measures to contain the situation, the most recent of these being the adoption of this Annual Plan which seeks to halve the growth of total government expenditure in 1971/72. Preliminary indications are that the initial measures are already succeeding in controlling the financial situation.

(c) The Pattern of Development Expenditure

The broad pattern of development expenditure in recent years is shown in the following table:—

DEVELOPMENT EXPENDITURE BY MAIN MINISTRIES*

Shillings million	1965/66 Actual	1968/69 Actual	1969/70 Actual†	1970/71 Estimated Actual
Comworks	50	231	207	246
Landsurvey	42	56	40	50
Education	44	8	32	50
Health	3	19	10	14
Defence and Home Affairs	17	27	63	77
Agriculture and Natural Resources	17	38	80	92
Regional Administration	5	29	28	42
Others	42	5	27	37
Transfer to Parastatals	10	48	127	242
Total	230	461	614	850
Actual Expenditure as % of Original estimates	51%	105%	89%	90%

*with functions as of 1968/69. †preliminary.

The most striking trend is of course the increase in the transfer to parastatals over the past two years, an increase that was caused by a boom in investment in large manufacturing plants, hotels, agricultural projects, the Tanzania Investment Bank, and electric power. However, a small part of the increase is statistical, in that certain foreign funds for parastatals now pass through the budget, and also the equity investment (Sh. 30 million) in T.I.B. did not result in immediate spending.

Basic infrastructure investment kept at the high level of the past three years, lec by Comworks road expenditure, Landsurvey with urban infrastructure and W. D. & I.D. in rural areas. Defence and Home Affairs continued their growth. There ha been some progress on the directly productive side, however, in that Kilimo (othe than W.D. & I.D.) has increased its capacity to design and carry out projects. Ther has been no clear trend in the social infrastructure sectors, but progress in Educatio has now picked up as the secondary school programme at last got underway.

Expenditure performance in 1970/71, compared with the original budget, is shown in the following table:—

MINISTRIES' EXPENDITURE AS PERCENTAGE OF ESTIMATES 1970/71

(Shillings million)

Ministry[1]	Original[2] Estimates (1)	Estimated Actual (2)	2 as a % of 1 (3)
State House	2.5	0.5	20
Estabs	13.7	5.1	37
Maendeleo	42.4	42.0	99
Foreign	4.2	3.7	88
Defence	50.0	60.0[3]	120
National Service	10.4	9.4	90
Judiciary	3.5	3.3	94
Kilimo	46.9	34.0	72
Uchumi	4.5	4.0	89
Elimu	72.3	50.0	69
Mincom	11.1	10.0	90
Comworks	255.1	246.0	97
Landsurvey	36.7	32.0	87
Finance	—	—	—
Home	21.8	16.8	78
Health	22.0	14.3	65
Maelezo	3.9	0.6	15
Maliasili	23.1	18.0	78
Maji	74.9	58.0	77
Sub-Total	697.0	607.7	87
Transfers to Parastatals	253.9	242.3	95
Total	950.9[2]	850.0	89.5

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[1] Classification of most functions is as of mid-1971. There were no significant supplementaries up to June, 4th, 1971.

[2] of which, Shillings 30 million frozen.

[3] includes S. border feeder roads.

Unlike the period up to and including 1969/70, 1970/71 was a year in which financial constraints were applied, and the above tabular report on performance must be read in that light. Of the budgeted total of Shs. 950.9 million, Shs. 30 million was "frozen" from the start of the year. Later, in March, 1971, further reductions in authorised expenditure were made, mainly in areas in which progress was already slow. The intention at that time was to hold expenditure to the level of Shs. 800 million, but the momentum of committed projects was such that it is unlikely that the actual outcome will be less than Shs. 850 million. Disbursements to parastatals in 1970/71 remained mainly on the basis of cash needs rather than project progress. Accordingly, much of the parastatal transfer was disbursed early in the year. It is not (unlike the case of Ministries) reimburseable if not used.

As the table shows, few ministries suffered from severe implementation problems. Estabs shortfall was caused by the delay in negotiating assistance for the Institute of Development Management. State House delayed the start of the State Lodges. Elimu suffered the tail end of delays to the IDA credit for secondary schools, while Health continued to suffer from building capacity limitations and design changes. Comworks' Dar/Tunduma Road is behind schedule, in physical terms, but Kilimanjaro International Airport is progressing satisfactorily.

Implementation reports from each of the regions showed essentially the same pattern. Implementation of large projects progressed relatively well, as did most Regional Development Fund projects. For Regional-managed projects, implementation constraints were often not financial. Difficulties in obtaining and maintaining transport; getting key agricultural inputs on time; finding skilled manpower; and inter-ministerial coordination, were all commonly noted in reports from the regions. The rapid transfer of personnel at regional and district level is a related organisational problem (it is not unusual to find cases where almost all regional and district heads have changed in as short a period as two years) is a related orginisational problem.

(d) Development in Institutions, Planning and Control

(i) Institutional Changes

Over the past year there has once again been institutional change in many sectors of the economy. Such changes have continued since the time of the Arusha Declaration in 1967, as the government has progressively lifted the dead hand of colonialism by creating new institutions which help the advance towards our socialist objectives. As is discussed below, new institutions created the need for corresponding changes in planning and controls, some of which have also taken place recently.

The parastatal sector continued to expand its role and rationalise its structure. In the finance field the National Bank of Commerce absorbed the seasonal finance function from the National Co-operative Development Bank; the Tanzania Investment Bank, its nucleus being the NBC's former term loan department, was created to act as the principal local source of long-term loans for industrial and other large projects; the Tanzania Rural Development Bank, whose nucleus is the former National Credit Development Agency, has also started operation—it is designed to play an innovative role in rural development. These changes have resulted in a complete set of public financing institutions, which can now play a major part in pursuing socialist priorities, although they have not yet been fully brought into the planning process.

Outside the financial institutions only new one holding parastatal was formed during 1970/71—Tanzania Wood Industries Corporation —which will soon take over forestry and wood projects from NDC and Maliasili. The National Transport Corporation also came into effective operation during the year. Most other major holding parastatals acquired new subsidiaries or undertook new activities during the year. The total contribution of parastatals and firms in which the government has at least a 50 per cent holding is estimated to be about 42 per cent of monetary GDP in 1970 compared with 20 per cent in 1966.

The role of the public in owning and running the country's economy has increased in various ways. At the centre, as noted in the economic survey, the role of the STC as importer, and internal wholesale distributor, increased as progress was made towards the socialization target. In certain cases the STC became responsible also for retail outlets. The ministries of health and education took responsibility for the operation of additional voluntary agency medical facilities and schools respectively. Following the Acquisition of Buildings Act of April, 1971, the government became owner and manager of over 2,000 rental properties. At local government levels, district and municipal councils, or development corporations entered various business activities. The co-operative movement also expanded in scope during the year, opening new retail outlets and making a sizeable investment in their own fleets of lorries.

All told, then, 1970/71 saw the public's institutions, at both central and local level, taking on greater responsibilities, while the role of the private sector diminished. The main characteristic of the year was that socialization measures were virtually all concentrated in the tertiary sector of the economy—i.e. in trade and various other services—unlike the 1967—68 period when the public sector role was rising mainly in the productive sectors.

The real challenges lie in the future: operating and expanding these various enterprises will place an enormous burden on the public sector's managers. It is necessary to ensure that the public interest is served not only by the elimination of the pursuit of private interest, but also by the maintenance and eventual improvement of efficiency.

In some ways, the management needs are greater than before, so as to cope centrally with various sectors now under public control. So far, both STC, and NDC and its subsidiaries, are installing management systems designed to improve the efficiency of their overall operation.

(ii) **Planning and Control**

There were three basic trends, which continued in 1970/71, which are leading to further changes, and hopefully improvements in the planning system. Firstly, the increase in the number of government agencies of various kinds has increased the need for central planning coordination, especially of financial demands on the public sector's resources and for monitoring of progress achieved. Secondly, the growth in implementation capacity means that finance and foreign exchage are the key operational constraints in the short run. Careful planning of their sources and uses has thus become essential. Thirdly, the emphasis on rural development, the reduction of inter-regional differentials and the need for management of related activities at local levels, has reinforced the long-recognised needs for strengthening regional planning. Trends in these are areas briefly reviewed next.

The central organisation of planning was strengthened during 1970/71 by the formation of ministerial planning units in Comworks, Mincom, Landsurvey, and Tourism, in addition to the existing planning unit in Kilimo. The staff of the former National Water Resources Council is now strengthening planning on the new Ministry of Water and Power. Although the planning units' role was not always clearly perceived by the Ministries concerned, or Devplan, substantial progress is being made in project preparation and sectoral planning. It is hoped to establish planning units in the remaining economic ministries shortly.

A new Programming and Reporting Division was set up in Devplan to monitor the progress of the Plan and to operate more systematic project selection procedures. These enable choices to be made concerning the urban/rural balance, import content, regional allocation etc. which hitherto were known only after the budget had been formulated. Further progress is being made towards introducing programme budgeting which will, inter alia, help break down the artificial distinction between the capital and recurrent budgets. The Division is also monitoring the progress of pre-investment studies, as part of the effort to improve the quality of project preparation by enabling planners to make a constructive contribution long before the budget stage is reached.

Devplan prepared the "guidelines to the Annual Plan 1971/72" in February, to indicate to the goverment the basic choices that had to be made given the constraints that existed. Subsequently the "guidelines" were pubished and debated in a number of public forums. Many of the points raised by the public are reflected in this document.

Among the instruments of short-run economic management, the new foreign exchange plan and finance plan are summarised in this document and need no further introduction: various improvements will be introduced next year. More comprehensive foreign exchange controls, and credit controls were introduced.

There were two advances with respect to government purchasing this past year. The first stage of a system was introduced to give some preference to local firms over foreign bidders. Second, an overhauling of the entire Government purchasing system was begun, with assistance from a firm of consultants. Their report is expected in late 1971. Interim measures were introduced to speed up the purchasing process which in many cases has acted as a serious bottleneck to project implementation and the operation of ongoing services. Apart from administrative changes, the main innovation was a significant increase in the limits on funds which Ministries or Regions may spend without going through the Central Tender Board.

This year for the first time almost all regions prepared a regional plan for 1971/72 each of which specifically identified the priorities as seen by planning teams in each region. These plans covered most government activities in each region, whether or not these activities were managed at the regional level. The priorities that emerged were often different from the priorities as seen for each region by the central ministries. The whole planning relationship between the Central Ministries and the Regions is now under review. Also the government has over the past year been preparing proposals for more effective local planning and management of the rural and regional development effort, and it is expected that important changes will be considered over the coming year.

PART III

THE PLAN FRAMEWORK 1971/72

(a) The Outlook for 1971/72

Since 1967, the total supply of goods and services in the economy has increased by about 4 per cent per annum and monetary Gross Domestic Product has grown by 5 per cent in real terms. There was some acceleration in growth in 1970. In 1971, an increase of 5–6 per cent in monetary G.D.P. i.e. 4–5 per cent in total G.D.P. is projected. This growth will come from a steadily expanding agriculture, from the several new industrial projects which will go into production this year as well as from the growing services sector. However, in the past, with a rapid rise in population and an exceptional growth in development expenditure, very few of these new goods and services became available to the people in the form of increased consumption. With continued growth and a reduction in investment expenditure from the high level of last year, more resources should now be available for consumption giving significant increases in both public and private consumption per capita.

The outcome in the agricultural sector depends on two main variables—the weather at home and the prices obtainable on the world market. For the 1971 crop season, there was a total failure of the short rains in some areas but the long rains have been generally very adequate if not excessive. Cotton will be affected by the failure of the short rains and output will be lower than in 1970. But increased production can be expected in tea, tobacco, wheat and sugar, while production of cashewnuts, pyrethrum, coffee and sisal will remain constant. The marketing arrangements in the livestock sector should be improved, leading to higher offtake and increased exports of meat products, while continued expansion is expected in forestry and fisheries. The inadequate short rains may lead to shortage of food crops, such as maize and sorghum, in some areas but existing N.A.P.B. food stocks are considered adequate to supply their needs, thus obviating the need for imports for famine relief. The outlook for prices of agricultural products is mixed but generally more favourable than last year. The higher cotton and sisal prices should be maintained while increases are anticipated in meat products and tea. Cashewnuts may fetch a lower price and the tobacco crop is largely sold forward at existing prices. The outlook for coffee is very uncertain as the International Coffee Agreement is due for re-negotiation in July.

The growth rate of manufacturing industries slowed down last year but it should accelerate again in 1971/72. There is a great deal of excess capacity in existing plants which can be brought into production if market conditions are favourable. Also, many new plants and extensions to existing plants are now coming into operation and they should have a significant effect on output and employment. These include the steel rolling mill, tyre factory, distillery and various wood-based projects. Mining output will continue to show a declining trend until new and exploitable discoveries are made from the current mineral investigations. The construction sector has already begun to contract and this trend will continue because of reduced public sector development expenditure especially on buildings and the decline in private building. Public utilities will continue to expand as electric power and water supplies are provided to more areas. In the services sector, a greater contribution should be made by tourism following the opening of several new hotels, while other services will expand in line with the growth in national income.

Despite this continued growth, the financial resources available to the public sector will grow at a slower rate in the future than they have done in the recent past. The success in mobilizing domestic savings to date can be attributed to the increased tax effort and to changes in the portfolios of the financial institutions following their nationalization i.e. a shift of resources from the private to the public sector. There is not much scope for further shifts of this nature so any increase in resources can only result from further growth of the economy. Also, government revenue increases will be more modest in future—revenues are already at a very high level, accounting for about 30 per cent of what is produced in the monetary economy. Thus new revenue can basically come only from taxes that affect the masses of the people or from a faster rate of growth. Growth in the first two years of the plan has been short of plan targets and so also were the capital inflows although these have recently improved. Thus overall financial resources are falling short of plan targets while expenditures are increasing faster than planned.

Thus a period of consolidation is required as expenditures are brought back into line with available resources. Virtually no new projects or programmes can start this year but investment activity will still be at a high level due to the large number of continuing projects. Total government expenditure will increase only slowly, as the increase in Recurrent Expenditure counterbalances the reduction in the Development Budget. The parastatal investment programme is significantly reduced after the bunching of large projects last year but any contraction here will be outweighed by increased construction activity on Tazara. Thus capital formation will continue at a satisfactory level as major ongoing projects are completed, though increases in the capital stock will fall short of the record figure in 1970. This new capital will be largely in infrastructure, giving returns only over a long period, but financial constraints prevent any changes in the pattern of investment this year. As a result of less government borrowing from the banking system, the increase in money supply will be held to 10 per cent and credit will be allocated in accordance with the finance and credit plan. Medium and long-term loans will be provided by T.I.B. and T.R.D.B.

The availability of foreign exchange is an important constraint on development since imports are now over one quarter of gross domestic product and these consist largely of capital and intermediate goods essential for development. The sharp unexpected drop in foreign exchange reserves in 1970 served notice that greater attention would have to be paid to planning in this area. As Tanzania still has a relatively open economy, the basic instruments that control the foreign exchange situation in the short run are financial policies. Refinements in this area have already been adopted by the government. Additional instruments on which emphasis will be placed are vigorous promotion of exports, and import substitution especially in consumer goods. Some improvement is expected in the foreign exchange position in 1971/72 but the existing strain will not be eliminated for some time. The rate of growth of imports will decline but no significant reduction can be expected in level of imports. As imports of consumer and capital goods fall, imports of intermediate goods will continue to increase. Given a continued satisfactory growth in exports, the trade deficit will be smaller and should be entirely covered by the increased foreign aid receipts. With increased earnings from tourism and other services and the reduction of capital outflows and unrecorded trade, the foreign exchange reserves can be expected to rise.

While there is no overall scarcity of labour in the country, there are serious shortages of certain categories of skilled and semi-skilled manpower and these are being temporarily alleviated through foreign recruitment. However, there is a large number of vacant posts to be filled and this has held up the execution of certain projects.

The manpower constraint may well affect the quality of our expenditures more than the rate of expenditure, for example, a shortage of key personnel such as accountants may mean that we have inadequate information on existing projects to evaluate their effectiveness.

In summary, the outcome of the various implementation measures described above should enable us, in 1971/72, to see the restoration of internal and external balance, combined with steady growth. Meanwhile, the existence of real constraints will call for better planning in all areas if we are to speed up our present rate of development.

(b) The Finance And Credit Plan.

As discussed earlier, the surge in development and recurrent expenditure over the past few years and particularly since 1969 has begun to strain the financial and foreign exchange resources available. Given the financial and foreign exchange constraints and the need to avoid price increases, it has been considered desirable to adjust the tempo of development expenditure in order to achieve a state of liquidity which is necessary for rapid growth. In addition, there is need to concentrate attention on the optimum allocation of scarce resources. Previously, this has been done partly through the Government, partly through the financial institutions (particularly the banks) and also through the retention of surpluses by parastatals and private business. An attempt has been made this year for the first time to bring these diverse elements together in a comprehensive Finance and Credit Plan, covering government, banking and financial institutions, parastatal and private sector. In order to draw up a comprehensive financial plan, a complete flow-of-funds analysis of the economy would be required, showing where savings arise and where they are used but this is a long-term project and only a modest start has been made this year. In brief the main objectives of the Financial Plan are:

- i) to ensure that the financial resources, both local and foreign that are likely to accrue to the government, the banking and financial institutions, parastatals and private sector are put to priority uses within an overall ceiling on credit expansions;
- ii) to enable government to have control over the parastatals and financial institutions sources and uses of funds; and
- iii) to involve the financial institutions in better control of financial management, credit allocation and balance of payments.

Finances of Government sector:

The overall financial resources available to the Government, both internal and external, are estimated at shs. 768 million for 1971/71 as shown below. For comparison, the figures for 1969/70 and 1970/71 are also shown alongside:

	1969/70 Actuals	1970/71* Likely Actuals	1971/72* Estimates
1. Sources of Funds:			
1.1 Surplus in recurrent budget	50	65	100
1.2 Other internal grants	62	10	14
1.3 Non-bank domestic government borrowing	125	132	130
1.4 Government borrowing from Banking system	255	283—333	150
Total Domestic Sources	**492**	**490—540**	**394**
1.5 External sources	**122**	**310**	**374**
(a) Grants	122	46	374
(b) Government borrowing for own use		264	
(c) Government borrowing for Parastatals			
Total Resources	**614**	**800—850**	**768**
2. Uses of Funds			
2.1. Development expenditure			
(a) Cantral Government (including E.A.C.)	467	570—620	594
(b) Transfer to Parastatals	147	230	174
Total	**614**	**800—850**	**768**

* Excluding Tazara and class B projects.

Surplus in recurrent budget:

In the past, recurrent revenues have grown subtantially due to successful tax effort, resulting in more tax revenue as a proportion of GDP than in any other country of comparable per capita income. The recurrent expenditure nevertheless also increased at a faster rate than estimated originally, thus reducing the overall availability of surplus for the plan.

The surplus in Recurrent budget for 1971/72 is estimated at shs. 100 million. This estimate is based on the following assumptions.

i) Recurrent revenues will grow at 6 — 7 per cent i.e. at the same rate as the growth in monetary GDP.

ii) Recurrent expenditure will be held in check around 10 — 11 per cent over the basic estimates for 1970/71.

As suggested elsewhere, a more detailed examination of the causes of and likely trends in growth in recurrent expenditure is called for with a view to relating it to the needs of past and future development projects. Apart from the normal elements of growth in recurrent expenditure, namely the contractual increments, debt servicing, there are the recurrent costs consequent on capital expenditure and other improvement in government services net of economies which call for a more detailed examination than that which underlay the 2nd Five Year Plan's recurrent expenditure projections. It is not possible to build schools and not to employ teachers in them. Similarly, it is not possible to build roads and then not to spend money on maintaining them. These two elements, the personal emoluments of the staff associated with the capital expenditure and the maintenance of the physical assets, are a direct result of capital expenditure and are determined by its level. A correct assessment of the requirements of recurrent expenditure should be taken up by Government.

Non-Bank Domestic Government Borrowing:

The total surplus available for net investment in government stock by non-banking financial institutions is estimated at shs. 130 million in 1971/72 as against shs. 132 million during the current financial year as shown below:

	1970/71	1971/72
Insurance Companies		
N.I.C.	15.0	9.0
Others	1.2	2.5
Sub-total	16.2	11.5
Provident Funds		
N.P.F.	66.1	75.0
Other P.F. (Government & Local Government)	7.0	7.0
Other	5.6	5.0
Sub-total	78.7	87.0
Other Sources		
P.O.S.B.	4.5	6.0
Sinking Funds	27.0	21.3
Companies and Corporation	6.0	4.0
Other	0.1	0.3
Sub-total	37.6	31.6
Grand Total	132.5	130.1

In arriving at the surpluses of various non-banking financial institutions, it is assumed that these institutions will not divert their surpluses on fixed investment expenditure e.g. buildings beyond their approved projects. In this connection, Devplan has already directed some of the non-banking financial parastatals to prune down their investments in buildings etc.

Government Borrowing from the Banking System:

It is essential to restrict government borrowing as well as credit creation by the banking system to a safe limit so that it has no adverse effect on a) balance of payments and b) level of prices. With this in view, government borrowing from the banking system is estimated at shs. 150 million for 1971/72 — shs. 70 million through N.B.C.'s investment in government stock and the remaining shs. 80 million through Bank of Tanzania. Although it is not always possible to make a fine distinction between Government borrowing from the Central Bank and the Commercial Banks, the latter borrowing will, no doubt, have a neutral effect if it is a substitution for borrowing by the rest of the domestic sector (i.e. other than the Government) — as will the former to the extent it balances expansion of currency circulation parallel to growth of real output in the monetary economy.

External Sources

Total external aid for 1971/72 is estimated at shs. 374 million.

These figures are supported by programmes included in the Annual Plan 1971/72.

Parastatal Sector:

Total transfer from Development budget to parastatals is estimated at shs. 173.6 million in 1971/72, consisting of shs. 82.1 million in local finance and shs. 91.5 million through external finance. Other parastatal sources of finance will include their own sources (i.e. from internal surpluses), short-term borrowing from N.B.C. (mainly to meet working capital requirements), medium and long-term loans from T.I.B. and R.D.B. The R.D.B. will draw its funds mainly from the Development budget which includes a provision of shs. 25 million in 1971/72. The total capital programme of the parastatal sector including own sources, local borrowing and Development budget transfers is approximately placed at shs. 370 million in 1971/72. Further work on sources and uses of funds by parastatals is still in progress.

It is also necessary to focus attention on parastatal control measures in order to bring these in line with financial and economic planning. These control measures will have to be attempted in stages. For immediate purposes and as a first step, the control has to be established on all new project starts. In other words, for framing the Capital budget and annual plan, it will be necessary to have:-

(a) total list of all projects to be carried out by, or through, parent parastatals. This should include the parastatals' Headquarters' expenses.

(b) sources of funds for each project

(c) sources and uses of funds for each parent parastatal.

Once the above information is made available, the final approval must be subject to Government decision.

In addition, other immediate measures of parastatal control are suggested:

(a) ban on inter-company lending, without prior authorization whether or not through parent parastatal to be implemented;

(b) control via T.I.B., R.D.B., T.D.F.L. and other financial intermediaries. R.D.B. and T.I.B. must disburse only for approved projects and N.B.C. only within credit guidelines;

(c) control over diversion of funds from approved projects to un-approved projects including expansion of approved projects. Such diversion must be subject to prior approval of Government.

(d) Management agreements - approval of Government.

Money Supply and Credit Allocation:

The essential role of credit creation in an economy such as Tanzania is that of facilitating the growth of real income and it is in terms of this that our guideline must be specified. The real difficulty in framing an objective rule for the implementation of a safe credit policy is that excessive credit creation can itself generate an apparent justification for going on increasing credit. This is true whether the inflationery effect shows itself through increased prices or increased imports. In the first case the increase in prices cause the real value of money balances to fall, so that deficit units have to seek more and more credit in order to maintain their real expenditure. Clearly in this situation, it is no good having a rule that the money supply can be increased in proportion to income because this supply involves an inflationary spiral. Therefore, it will be more appropriate to use real income so as to avoid the self-justifying process of monetary inflation.

As discussed in the Economic Survey, the Tanzanian economy has experienced a strong monetary and credit expansion since 1969; the average increases in each of the two years (i.e. 1969 and 1970) in money supply and credit expansion have been around 19 — 21 per cent and 23 — 25 per cent respectively. This is by any standard an excessive increase and its impact on balance of payment and price level began to be felt in early 1970 when corrective measures were taken. Towards the end of September, 1970, the Bank of Tanzania imposed credit restriction in order to slow down the expansion in money supply and stem off the decline in holdings which was becoming a source of some concern.

Following the above policy, credit expansion by the banking system is to be restricted so that the resulting monetary expansion in 1971/72 will be about shs. 240 million or an increase of 10 per cent over 1970/71. While total bank deposits are expected to rise by 10 per cent (or shs. 162 million) the increase in commercial bank lending to domestic sector (other than government) is estimated at 6.5 per cent (or shs. 90 million compared to an estimated increase of shs. 332 million in the current financial year). The net claims on government are estimated to rise by shs. 150 million. New credit will be directed primarily to essential economic activities mainly to meet the requirements of parastatal sector rather than the financing of current budget deficits or losses of public enterprises.

For the implementation of this selective credit programme, the National Bank of Commerce will supervise the use of funds by ensuring that loans are used for the purposes for which they are given. Working Capital requirement of at least the holding parastatals and their major subsidiaries will be assessed by the N.B.C., in consultation with Government.

(c) The Foreign Exchange Plan

The large role which foreign exchange plays in the economy, highlighted the necessity for better planning of receipts and payments of foreign exchange.

The Government decided early this year to prepare a Foreign Exchange Plan as an element in the 1971-72 Annual Plan:

The Foreign Exchange Plan as finally drawn up has been prepared with a view to bringing about viability on the country's foreign exchange front. While special factors may cause reserve movements, it is expected that if necessary policy measures are taken, execution of the foreign exchange Plan should result in a moderate improvement in reserves during 1971-72. The position in respect of each of the major constituents of the Plan is discussed briefly below. The necessary measures being contemplated for implementation of Foreign Exchange Planning are also discussed briefly.

Export earning

Export earnings during 1970 amounted to Shs. 1,852 million as compared to Shs. 1,792 million during 1969. Excluding Zanzibar these amounted to Shs. 1,717 million in 1970 as against Shs. 1,617 million during 1969. On the basis of the outlook of likely production and foreign demand for major export commodities, export earnings in 1971-72 (July-June) are estimated at Shs. 1,785 million for Mainland Tanzania. Compared to actual exports in January-December, 1970 this will imply an increase in Mainland exports. The position in respect of value of selected domestic exports for 1971–72 is shown in the following table:—

ESTIMATED VALUE OF DOMESTIC EXPORTS 1971—72
TANZANIA (MAINLAND)

Table: 1 (Value: Million Shillings)

	Commodity	1969 Jan.-Dec. (Actual)	1970 Jan.-Dec. (Actual)	1971–72 July-June (Estimates)
1.	Coffee	257	312	263
2.	Cotton (Raw)	235	247	280
3.	Sisal	160	179	170
4.	Diamonds	178	161	150
5.	Cashewnunts (Raw)	189	115	125
6.	Tea	48	42	56
7.	Tobacco (unmanufactured)	35	45	48

Source: Actual figures based on Trade Year Book 1969 and 1970.

Import Payments

During 1970 total imports of all categories amounted to Shs. 2.274 million as compared to Shs. 1,710 million in 1969; for Mainland total imports amounted to Shs. 2,224 million as compared to Shs. 1,665 million in 1969 (Jan.-Dec.)

The major increase during 1970 was registered in respect of capital goods i.e., machinery, building and construction materials, and transport equipment. Imports of all these for Mainland increased to Shs. 990 million as compared to Shs. 595 million in 1969. Also imports of intermediate goods rose sharply from Shs. 494 million in 1969 to Shs. 630 million in 1970.

In 1971—72 total imports including those for TAZARA are estimated at Shs. 2,180 million. Imports of consumer goods are expected to show a small decline in 1971-72. Imports of intermediate goods which had risen sharply in 1970 are expected to show an increase of 10 per cent to meet rising requirements of raw materials and intermediate goods needed for overall growth of the economy. Imports of capital goods (excluding transport equipment) are expected to show a decline of Shs. 85 million in 1971-72 keeping in view two factors: a) slowdown in building and construction work b) imports of machinery will go down as a result of completion of some of N.D.C. projects and slowing down on new projects. Imports of transport equipment which shot up substantially in 1970 are expected to register a modest increase in 1971-72. Data in respect of different categories of imports is shown in the follwing table:—

ESTIMATES OF VALUE OF IMPORTS BY ECONOMIC CATEGORIES FOR 1971-72 TANZANIA (MAINLAND) (a)

Table 2 (Value: Million Shillings)

	Category	1969 (Actual) Jan.-Dec.	1970 (Actual) Jan.-Dec.	1971-72 (Estimates) July-June
1.	Consumer goods	576	604	575
2.	Intermediate goods	494	630	690
3.	Capital goods	401	705	620
	(a) Capital goods other than building and construction materials ...	263	496	423
	(b) Building and Construction materials	138	209	197
4.	Transport equipment	194	285	295
	Of which: Private motorcars	35	33	30
5.	Total I to IV	1,665	2,224	2,180

NOTE: (a) including imports for TAZARA.

Source: Actual figures based on Trade Year Book 1969 and 1970.

Services

The main sources of receipts are freight and insurance, passenger transportation, earnings from foreign visitors and interest, profits and dividends.

Payments on account of services constitute such items as passenger transportation, expenditure on education, expenses on foreign travel and interest, profits and dividends.

In 1971-72 net services are expected to result in an inflow of Shs. 47 million as compared to an inflow of Shs. 60 million in 1970.

Transfers

Transfer receipts and payments consist of two main categories—private and parastatal and government transfers.

In 1971-72 net transfers are expected to result in an inflow of Shs. 90 million in 1971-72 as compared to an inflow of Shs. 77 million in 1970 (Jan.—Dec.)

Foreign Exchange Plan—An overall view

Estimates of balance of payments for 1971-72 are shown in the following table:—

BALANCE OF PAYMENTS ESTIMATES: TANZANIA (MAINLAND)

Table 3 (Value: Million Shillings)

	Items	1970 Jan-Dec.) (Actual)	1971–72 July-June (Estimates)
1.	*Goods:*		
	Exports	1,717	1,785
	Adjustments (time, value and coverage)	—42	—40
	Imports C.I.F. (a)	1,924	1,860
	Adjustments	86	85
	Trade Balance	—335	—200
2.	Services (Net)	60	47
3.	Transfers (Net)	77	90
	Balance on Current Account	—198	—63
4.	Capital: (b)		
	Government Loans (Net)	162	214
	Inflow	230*	326*
	Less:		
	(Outflow)	—23	—67
	(Compensation payments)	—45	—45

(a) excludes imports for TAZARA Construction work.

(b) excludes assistance for TAZARA.

excludes Government Grants

In 1971-72 export receipts are estimated at Shs. 1,745 million as against Shs. 1,675 million in January—December, 1970. Imports of all types (excluding those for Tazara construction work) are estimated at Shs. 1,860 million in 1971-72 as compared to Shs. 1,924 million in 1970 (Jan. to Dec.). The adjusted trade deficit for 1971–72 is placed at Shs. 200 million as compared to Shs. 335 million in 1970. Current services (net) are expected to result in an inflow of Shs. 47 million in 1971–72 as compared to Shs. 60 million in 1970. Transfers (net) are expected to result in an inflow of Shs. 90 million in 1971-72 as compared to an inflow of Shs. 77 million in 1970 (Jan.- Dec.). Thus the balance on current account is expected to decline sharply to a deficit of Shs. 63 million as compared to a deficit of Shs. 198 million in 1970. Net receipts from loans by the government are estimated at Shs. 214 million as against Shs. 162 million in 1970.

An implementation programme for the Foreign Exchange Plan is being drawn up by Government. Some of the general measurses being envisaged are as follows:—

(a) Exporting and export-related organisations will be asked to adopt appropriate measures for improving export performance including setting annual export targets.

(b) Imports of capital goods will be largely confined to those covered by soft loans or grants..

(c) Imports of consumer goods will be reduced keeping in view domestic unutilized capacity and areas in which import substitution is possible within a short period.

(d) Efforts will be made to identify measures to increase earnings from invisibles.

(e) Steps will be taken to improve the enforcement of controls to prevent the unlawful outflow of foreign exchange.

(f) A longterm strategy on foreign exchange generation and allocation will be mapped out and longterm policies aimed at achieving a balance between foreign exchange sources and uses including a vigorous programme of export promotion and import substitution in selective lines, will be framed.

(d) Summary of the Capital Programme

The government and parastatal expenditure programme has been designed, in aggregate terms, to meet the needs of the finance and foreign exchange plans presented above. The capital programme covers firstly the capital expenditures of all government ministries, and secondly capital expenditures by those parastatal companies in which the government has a controlling interest, and projects carried out by, or through, holding parastatals. In the summary tables that follow, the list of projects to be carried out by ministries is complete, as usual. Also complete is the list of transfers to parastatal projects from the budget. Such transfers can be used only for the designated projects.

However, as was the case last year, the list of projects to be carried out by parastatals, other than with budgetary finance, is not complete, and inclusion of a project in the list does not necessarily imply that is has received planning approval. Likewise, for all parastatal projects, the sources of finance other than the budget are tentative, and do not necessarily represent commitments by the financing sources concerned. These details will be worked out in the course of the coming year.

In summary, the grand total capital expenditure in 1971/72 is estimated to be **Shs. 924 million,** of which **Shs. 768 million** will be financed through the budget. This compares approximately 1) with last year's grand total of Shs. 1,261 million, of which Shs. 920 million* was to be financed through the budget. All these figures **exclude** the Tazara project.

The transfer to parastatals for 1971/72, totalling Shs. 169 million excluding Tazara, is much less than the budgeted transfer in 1970/71 of Shs. 252 million.

Expenditures by government ministries in 1971/72, excluding both Tazara and transfers to parastatals, is budgeted at shs. 599 million, again excluding projects in Group B, awaiting funds. This compares with shs. 667 million for 1970/71 (again excluding frozen projects). Ministries thus face a reduction in actual development funds available of 11 per cent.

The real drop in 1971/72, however, comes in the parastatal programme which has fallen in total from shs. 594 million (excluding Tazara) in 1970/71 to shs. 325 million or shs. 478 million (including Tazara) in 1971/72. This is as predicted last year, when it was noted (Annual Plan 1970/71 p. 99) that the 1970/71 programme for parastatals was unusually high because of the simultaneous execution of several major projects.

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1) The list of parastatal projects is in fact a little more comprehensive for 1971/72 than for 1970/71.

* i.e. Shs. 950 million of which Shs. 30 million frozen.

These data are summarised in the following table:

Shs million	1970/71 Budget	1971/72 Budget
Total Capital Budget	951	949
less "Group B".	30	27
Operative Budget total	921	922
less Tazara	1.5	153.3
Budget excluding Tazara	920	768
Transfer to parastatals	—252	—169
A. Ministries' own projects	667	599
Total Parastatal Budget	618	481
less "Group B".	0	3
B. Subtotal	618	478
less Tazara	24	153
C. Total parastatal Budget excluding Tazara	594	325
D. Total capital expenditure excluding Tazara (A + C)	1261	924
E. Total, inclu. Tazara (A + B)	1285	1077

Of these totals, (D) is consistently defined in both years, and shows a 27 per cent decline in the public sector's total capital budget excluding the railway project. To get, finally, a complete picture of the public sector's inverstment plans it is necessary to add to (D) the total costs (foreign + local) of the railway project. These are not precisely known, but may be estimated at Shs. 310 million in 1970/71 and Shs. 350 million in 1971/72 giving grand totals of about **Shs. 1,570 million** and **Shs. 1,275 million** for 1970/71 and 1971/72 capital programmes, respectively. The 1971/72 programme is thus the second largest on record and, if implementation proceeds as expected, the 1969—72 period will see the expenditure aims of the Second Plan achieved.

Supporting details are given in the following three summary tables. The first gives the ministries' own projects, by division, and the second lists the budget transfer to parastatals. The third is a consolidation of all parastatal projects, which is supported by detailed appendix tables. Chapter IV below gives, for each sector, the highlights of the capital programme.

SUMMARY OF MINISTERIAL PROGRAMME, BY DIVISION 1971/72*

Name	1970/71 Allocation	1971/72 Allocation Group A**	Group B**	Total
President's Office	2,500,000	—	—	—
Central Establishments	15,333,000	9,149,800	8,322,000	17,471,800
Ministry of Regionsl Administration and Rural Development				
Regional Administration Division	32,193,100	31,265,000	—	31,265,000
Ujamaa Villages Division	317,000	821,000	—	821,000
Rural Development Division	7,090,000	1,878,100	—	1,878,100
Administration Division	1,150,000	735,000	—	735,000
Total	40,750,100	34,699,100	—	34,699,100
Ministry of Foreign Affairs	4,238,800	259,000	—	259,000
Second Vice President's Office: Makamu	—	—	—	—
Judiciary	3,470,000	703,000	—	703,000
Defence	50,000,000	136,800,000	—	136,800,000
National Service	10,379,700	2,120,000	—	2,120,000
Total	63,849,700	139,623,000	—	139,623,000
Ministry of Agriculture, Food & Co-operatives				
Administration and Planning Division	1,103,200	906,900	—	906,900
Agriculture and Food Division	23,422,000	16,216,300	1,214,000	17,430,300
Production Division	11,134,400	3,790,000	—	3,790,000
Co-operative Development Division	1,438,000	60,000	—	60,000
Research and Training Division	8,468,700	8,764,000	500,000	9,264,000
Total	45,566,300	29,737,200	1,714,000	31,451,200

SUMMARY OF MINISTERIAL PROGRAMME, BY DIVISION 1971/72*

NAME	1970/71 ALLOCATION	1971/72 ALLOCATION GROUP A**	GROUP B**	TOTAL
Ministry of Economic Affairs and Development Planning	4,528,000	5,311,400	100,000	5,411,400
Ministry of National Education				
Administration Division	1,585,000	390,000	—	390,000
Primary Education	20,124,000	9,000,000	—	9,000,000
Secondary Education	28,362,500	30,338,400	—	30,338,400
Technical and Commercial Education	860,000	650,000	—	650,000
Training of Teachers	5,948,000	9,540,800	—	9,450,800
University Education	9,960,000	7,292,000	400,000	7,692,000
Adult Education	2,402,000	1,086,000	—	1,086,000
National Culture	3,059,000	345,000	—	345,000
TOTAL	72,300,500	58,642,200	400,000	59,042,200
Ministry of Commerce and Industries				
Commerce Division	1,000,000	—	—	—
Industries Division	1,043,800	2,300,000	—	2,300,000
Mineral Resources Division	9,015,000	8,375,100	—	8,375,100
TOTAL	11,058,800	10,675,100	—	10,675,100
Ministry of Communications, Transport and Labour				
Administration Division	2,920,000	—	—	—
Roads and Aerodromes Division	233,870,000	194,465,200	—	194,465,200
Building Division	13,025,500	3,708,000	—	3,708,000
Labour Division	3,305,400	3,040,000	—	3,040,000
National Institute for Productivity	—	800,000	—	800,000
TOTAL	253,120,900	202,013,200	—	202,013,200
Ministry of Finance				

SUMMARY OF MINISTERIAL PROGRAMME, BY DIVISION 1971/72*

NAME	1970/71 ALLOCATION	1971/72 ALLOCATION		
		GROUP A**	GROUP B**	TOTAL
Ministry of Lands, Housing & Urban Development				
Administration Division		—	—	—
Lands Division	9,674,500	1,790,000	—	1,790,000
Survey and Mapping Division	7,216,000	3,500,000	—	3,500,000
Valuation Division	51,700	37,300	—	37,300
Housing Division	76,500	780,000	—	780,000
Town Planning Division	9,400,000	3,340,000	2,593,500	5,933,500
TOTAL	26,418,700	9,447,300	2,593,500	12,040,800
Ministry of Home Affairs				
Police	18,214,300	9,774,900	1,500,000	11,274,900
Prisons	3,000,000	957,000	—	957,000
Immigration	650,200	121,300	—	121,300
TOTAL	21,864,500	10,853,200	1,500,000	12,353,200
Ministry of Health and Social Welfare				
Planning and Research	1,216,000	950,000	—	950,000
Curative Services	15,749,000	2,758,800	—	2,758,800
Preventive Services	298,000	76,000	—	76,000
Medical Training	4,772,100	600,000	—	600,000
Probation and Welfare	2,058,600	3,355,400	—	3,355,400
Medical Stores	—	—	—	—
TOTAL	24,093,700	7,740,200	—	7,740,200
Ministry of Information and Broadcasting				
InFormation Services	1,100,000	989,200	—	—
Radio Tanzania	2,800,000	3,740,000	—	—

SUMMARY OF MINISTERIAL PROGRAMME, BY DIVISION 1971/72*

NAME	1970/71 ALLOCATION	1971/72 ALLOCATION		
		GROUP A**	GROUP B**	TOTAL
Ministry of Natural Resources and Tourism				
Tourism	250,000	949,000	—	949,000
Fisheries	3,931,000	1,454,700	500,000	1,954,700
Forestry	14,937,500	15,666,700	1,779,000	17,445,700
Game	3,950,000	—	—	—
Total ...	23,068,500	18,070,400	2,279,000	20,349,400
Ministry of Water Development and Power				
Water Development and Irrigation	53,077,700	47,229,400	5,195,000	52,424,400
Water and Drainage	27,400,000	8,690,000	5,000,000	13,690,000
Total ...	80,477,700	55,919,400	10,195,000	66,114,400
GRAND TOTAL ...	692,069,200	596,869,700	27,103,500	623,973,200

TRANSFER TO PARASTATALS (SHS. M.)

MINISTRY PARASTATAL	1969/70 Estimated	1970/71 Local	Estimates External	Total	1971/72 Local	Estimates External	Total
KILIMO:							
National Agricultural Products Board	15.0	—	8.0	8.0	—	4.9	4.9
National Agriculture Food Corporation/NAFCO.	15.0	17.8	4.1	21.9	6.0	5.6	11.6
Tea Authority	4.0	16.4	—	16.4	8.5	0.9	9.4
National Development Credit Agency ...	10.4	12.0	7.7	19.7	(See Rural Development Banks)		
National Milling Corporation	—	—	4.0	4.0	—	1.0	1.0
Tanzania Sisal Corporation	4.0	0.6	8.1	8.7	—	—	—
Dairy Board	9.0	—	8.1	8.1	(Project included under NAFCO).		
MINCOM:							
National Small Industries Corporation	0.6	3.5	—	3.5	0.7	—	0.7
Tanesco	3.0	6.5	19.4	25.9	8.9	58.2	67.1
National Development Corporation	35.0	68.3	—	68.3	9.1	5.0	14.1
MAELEZO/MALIASILI:							
Tanzania Tourist Corporation	23.0	20.1	—	20.1	12.3	—	12.3
Tanzania Wood Industries Corporation	—	—	—	—	3.8	—	3.8
National Parks	2.5	2.5	—	2.5	—	—	—
LANDSURVEY:							
National Housing Corporation	16.0	21.4	—	21.4	10.2	—	10.2

TRANSFER TO PARASTATALS (SHS.) M.

MINISTRY/PARASTATAL	1969/70 Estimated	1970/71 Local	Estimates External	Total	1971/72 Local	Estimates External	Total Tot l
COMWORKS:							
TAZARA...	4.0	1.5	—	1.5	(145.0) 8.3	—	(145.0) 8.3
National Transport Corporation	3.0	—	—	—	1.2	4.3	5.5
MAENDELEO:							
Kibaha	10.0	1.6	—	1.6	—	—	—
DEVPLAN:							
National Water Resource Council...	0.5	0.5	—	0.5	(Council dissolved)		
TREASURY:							
Tanzania Investment Bank	—	30.0	—	30.0	—	—	—
Tanzania Rural Development Bank	—	—	—	—	4.9	20.1	25.0
TOTAL ...	126.5	202.7	51.3	254.0	(145.0) 73.9	100.0	(318.0) 173.9

Commodity Credit from P R C

CONSOLIDATED PARASTATAL BUDGET SUMMARY TABLE 1971/72: CAPITAL EXPENDITURE AND SOURCES FUNDS

(Shs.)

NAME OF PARASTATAL	TOTAL EXPENDITURE	SOURCES OF FINANCE						
		DEVELOPMENT BUDGET		LOCAL BORROWING			OWN RESOURCES	FOREIGN PRIVATE
		Local	External	N.B.C.	T.I.B.	Other*		
National Development Corporation and Subsidiaries	71,126,310	9,102,310	5,000,000	17,660,000	9,070,000	2,478,000	1,267,000	26,549,000
Tanzania Tourist Corporation	15,281,500	12,212,500	—	1,699,000	800,000	500,000	—	—
Tanzania National Electricity Supply Company ...	87,395,000	8,942,000	58,219,000	—	9,323,000	—	10,911,000	—
National Agricultural Board	4,920,000	—	4,920,000	—	—	—	—	—
National Agricultural Corporation	6,705,000	3,821,000	2,884,000	—	—	—	—	—
National Agricultural and Food Corporation ...	11,441,000	2,160,000	2,684,000	—	4,040,000	193,000	—	2,364,000
National Milling Corporation	4,105,000	—	95,000	—	—	—	4,010,000	—
Tanzania Tea Authority	17,996,000	8,523,000	—	3,299,000	—	2,784,000	3,370,000	—
Lint and Seed Marketing Board	800,000	—	—	—	—	—	800,000	—
National Small Industries Corporation	1,497,500	739,500	—	—	—	—	758,000	—
National Transport Corporation	9,458,500	1,232,500	4,355,000	2,871,000	—	1,000,000	—	—
Tanzania Wood Industries Corporation	20,361,500	3,839,500	—	500,000	9,900,000	6,122,000	—	—

CONSOLIDATED PARASTATAL BUDGET SUMMARY TABLE 1971/72: CAPITAL EXPENDITURE AND SOURCES FUNDS

(Shs.)

Name of Parastatal	Total Expenditure	Sources of Finance						
		Development Budget		Local Borrowing			Own Resources	Foreign Private
		Local	External	N.B.C.	T.I.B.	Other*		
National Housing Corporation	10,200,300	10,200,300	—	—	—	—	—	—
State Trading Corporation	8,886,000	—	—	—	—	—	8,886,000	—
Tanzania Audit Corporation	1,479,000	—	—	—	—	1,280,000	199,000	—
Tanzania Zambia Railway Authority	* 8,300,000 (143,000,000)	8,300,000 (143,000,000)	—	—	—	—	—	—
National Bank of Commerce	15,600,000			—	—	—	15,600,000	—
National Insurance Corporation	12,000,000				—	—	12,000,000	—
Tanzania Rural Development	25,039,430	4,911,340	20,128,000	—	—	—	—	—
National Provident Fund	88,000			—	—	—	88,000	—
Bank of Tanzania	3,500,000				—	—	3,500,000	—
Total	318,159,950	76,055,950	98,263,000	26,029,000	33,133,000	4,357,000	61,309,000	28,913,000
	(461,159,950)	(219,055,950)						

Note.—Only Development Budget Sources of funds are final.

*Commodity credit from P.R.C.

*E.A.D.B. T.D.F.L. P.H.F.C. R.D.B.

PART IV

MAIN SECTORAL OBJECTIVES, PROGRAMMES AND ISSUES

Introduction

Annual planning was introduced in the Second Five Year Plan for two main reasons: to provide an annual assessment and adjustment to the Plan, and to move the development programme to something more substantive than an annual budget. However, sectoral planning in Tanzania has so far proceeded mainly in terms of capital expenditure planning, with some involvement in policy issues, but with virtually no production planning. Thus, although the Annual Plan does contain a capital budget, there are no specific output targets. However, there are adjustments to be made, new directions to be taken, policy emphasis to be made, and organizational and research needs for implementing the capital programme. This section, therefore, contains the priorities and objectives which the various sectors of the economy will have during the coming fiscal year and, in some cases, into 1972/73. During 1971/72, we plan to move further towards planning to meet specific output or efficiency goals.

The balance of this section sets out the main planning objectives identified for 1971/72, as derived from the Economic Survey. Each sector, is briefly reviewod with respect to the performance on main policy objectives over the past year. The main agreed-upon objectives are specified and, where possible, an indication is given as to how implementation will proceed. The salient features of the capital expenditure programme are then provided, and, finally, the major new issues to be explored and discussed are indicated. It is important to stress that this last section in no way indicates the direction of Government policy on these matters. These are simply issues which appear to require further exploration and, in some cases, no policy changes at all will emerge from the research and discussion.

There are two specific purposes of this section. First, to act as a direction for Devplan work in the coming year. This will involve producing reasearch papers related to planning problems in the sectors, bringing up policy issues for discussion, and working closely with the implementing ministries to ensure the success of the objectives. Second, to act as an agreed-upon guide to the ministries as to the immediate needs of the Plan, other than those related to projects and finance. The section, therefore, is specific in its content and direction and it is designed to facilitate the achievement of Plan goals.

(a) THE AGRICULTURE SECTOR

1. Developments in 1970/71

Value of agricultural products rose by 7.4 per cent in 1970 to an unprecedented high of Shs. 2.3 billion. Notable increases in production occured in cotton, coffee, flue-cured tobacco, paddy and maize. Among the major export crops, welcome improvement in prices occured in cotton. On the other hand, performance was somewhat below expectations in the levels of production of cashewnuts, tea, pyrethrum, fire-cured tobacco, sugar and wheat. Major development efforts were initiated in 1970 through World Bank participation in expansion projects for tea, tobacco and beef. It is also proposed to develop a programme for intensified cotton production. A major study of the fruit and vegetable industry has been initiated for the purpose of expanding production and processing of tropical and temperate crops for use internally and for export. Considerable effort has been spent on tse-tse ar East Coast Fever control in 1970. Fertilizer use in Tanzania rose by 9 per cent 1970 and insecticide use rose by 30 per cent over the previous year. A substanti extension effort was made to encourage farmers to increase their use of these produtct

II. Prospects for 1971

Weather conditions for the 1970/71 crop season were mixed with the failure of tl short rains in much of Coast, Tanga, Kilimanjaro, Arusha, Mwanza, Shinyang Mara and Singida Regions. Other regions which had belated short rains but goo rains in April and May were Mbeya, Sumbawanga and Iringa.

The export crop that will be most affected by the difficult situation this year cotton. In certain regions such as Mwanza, Shinyanga, Mara and Singida, productio is expected to be lower than last year's level. Production of tea is expected to rise a large expansions in small-holder tea acreage take place.

Both flue-cured and particularly fire-cured tobacco production are expected to ris dramatically whereas production of other export crops including such high incom earners as cashewnuts and pyrethrum is expected to increase only slightly.

Cotton prices since the beginning of 1971 have been firm at between 10 and 13 pe cent above last year's average level. These prices are expected to be maintained ove the year. Coffee prices remain unstable. The potentially difficult re-negotiatio of the International Coffee Agreement yearly quota in July, 1971 may have an effec on prices. Sisal prices have strengthened slightly over the last few months and ar expected to be generally better than last year. Tea prices are expected to rise slightly Most of the tobacco crop is committed at last year's price levels, so no change i expected. Groundnut prices are also expected to remain stable as are prices fo cardamons and pyrethrum.

The failure of the short rains could have implications on supplies of foodstuffs i 1971. Maize, which was planted in November and December, was adversely affecte by the drought. Wheat ,which is seeded in February to April, is expected to show good results this year as there have been sufficient rains.

Serious conditions still exist in the Mwanza, Mara, Shinyanga and Singida Regions where the maize dried up in the early part of the season and where sorghum is only expected to yield 50 per cent of last year's tonnage.

There is expected to be very little need for famine,relief in 1971 though some transfer of stocks from one region to another will be required, possibly in the Coast and Tanga Regions and in the lower areas of the Kilimanjaro Region. There may also be shortages of foodstuffs in the Shinyanga, Mara, Singida Regions and particularly in the Mwanza Region. Steps are being taken to ensure that these shortages will be dealt with by mobilizing foodstuffs before the situation becomes acute.

There were 18,000 tons of sugar imported into Tanzania in 1970/71. With the expansion of sugar plantations and outgrower cropping, increased production should reduce the need for such importations.

For beef, problems of poor organization of marketing persisted throughout the year. The present price structure will not ensure an increase in marketed offtake.

III. Main Objectives to be Pursued in 1971/72

Although state farms are expected to contribute greatly to agricultural output, their role should not be seen solely in those terms. The farms are serving as training grounds for local staff and are expected to give them experience in farm organization and management. Also, for example, some farms have developed innovations in crop production and have passed on new techniques to the neighbouring ujamaa villages; they have also provided to ujamaa villages services such as workshop and transport facilities. This type of policy will be continued in the future. Production on a good number of Ministerial and Parastatal state farms (particularly wheat state farms) has been disappointing. Devplan and Kilimo will undertake a full review of state farm policy and performance during the course of the coming year.

The Co-operative movement is experiencing considerable difficulty particularly at the Society level due to a shortage of experienced managerial and accounting staff. Greater efforts will be made in the field of training and in getting proper accounts from all local institutions.

The NAPB faces mounting surpluses of paddy which tie up considerable amounts of capital in crop finance and storage. The board will attempt to export paddy surpluses in excess of safe stocks. The possibility of selling further stocks in internal markets, possibly below present internal price levels, will be investigated. In the broader sphere of marketing of agricultural products generally, Kilimo will initiate a review of the margins between marketing board selling prices and those paid to farmers. The objectives will be to discover ways of reducing primary Society, Co-operative, Board, transport and storage costs, to increase the proportion of the final selling price received by the farmer and to establish a fair price to the consumer.

In the area of organization and co-ordination of marketing, the Government is considering a proposal to merge most of the agricultural boards in Tanzania into two major co-ordinated marketing organizations. The objective of the proposal is to offer cheaper and more efficient service to the Co-operatives and the people.

Cotton producers must be made more aware of the advantages of using fertilizers and insecticides on their cotton acreage. The proposed Geita project is a step in the right direction but it would seem that if the Five Year Plan target of 700,000 bales is to be reached, ultimately a larger commitment of financial and extension resources will have to be made.

Sisal diversification remains a difficult issue though some progress has been made in this area. A review of the diversification programme will be undertaken during this fiscal year in the light of the position of sisal in the Tanzania economy.

The position of pyrethrum will be reviewed and farmers will be encouraged to increase production.

It has been recognised that a re-organization of all livestock marketing institutions is overdue and that a satisfactory level of offtake will not be achieved until this is completed. Tanganyika Packers will establish five regional buying stations during 1971/72 where published liveweight prices will be offered over the scale. This should lead to increased efficiency in the handling of stock with a consequent reduction in both weight loss and mortality, as well as acting as a stabilising influence on District Market prices.

All meat processing projects will be reviewed and a full exploration undertaken of all the processing options which will confront the sector both in domestic and foreign markets.

Export outlets for beef seem to be generally more profitable than the domestic market. Current international trends suggest that world beef prices will continue to rise: between January, 1971 and April, 1971, for example, the prices received for canned corned beef and meat extract by Tanganyika Packers increased by 20 per cent. NAFCO has also been developing an export trade in frozen meat with Zambia. The prices in this market, which are world market prices, are already 19 per cent above prices realised in late 1970. It is vital for the development of the sector that these opportunities be fully exploited.

The Range Management Act is being reviewed and attempts will be made to simplify it to meet the needs of livestock-based ujamaa villages.

IV. Main Features of the 1971/72 Expenditure Programme

In the area of crop production, major expansion programmes will get underway during 1971/72 in flue-cured tobacco and tea. These two projects alone will absorb almost 30 per cent of the total agriculture sector development budget of Shs. 53.3 million. Another 20 per cent of the total budget will be taken up in the livestock industry by the NACO beef operations and the Mara dairy project.

In the area of research and training, expansion of facilities are proposed to commence during 1971/72 for a comprehensive research and training institute at Mbeya, catering for crops and animal production research and training in agricultural and veterinary practises to certificate and diploma level. A group of experts will be starting research into methods of increasing production of wheat. Work will commence on the construction of two new agricultural training institutes. These three projects will absorb a further 13 per cent of the development budget devoted to agriculture. A further 6 per cent of the budget will be devoted to the construction of grain storage silos.

V. Main new issues to be dealt with in 1971/72

A major exercise should be undertaken to review agriculture officer development and utilization. More graduates are required to service the programmes than are presently being trained. The tentative proposals by Kilimo to achieve universal agricultural education must be developed further.

Considering the high revenue potential of cashewnuts, not enough is being done to promote increased production of this crop. A full review of the situation in the industry should be made in this fiscal year and a new development programme along the lines of developments in tea, tobacco and coffee should be considered.

There is considerable scope for increased production of temperate and tropical crops in Tanzania. The Horticultural Working Party is expected to come up with recommendations by the end of 1971, which will provide guidelines for a very substantial re-orientation of the industry. New markets must be tapped at an early stage if Tanzania is to realize new export potential.

To increase sugar supply, Mtibwa sugar estates are to be expended. NAFCO has acquired 50 per cent shares in these Estates. Plans aim at expansion from the present production level of about 5,000 tonnes to about 18,000 tonnes in 1973/74. Increases in sugar production have been inadequate to cope with the rapid increases in demand for this product. A general review of sugar production policy will be made and ways will be sought to increase production so that Tanzania reaches and maintains self-sufficiency by the end of the Second Five Year Plan.

The Agricultural Prices Policy Co-ordinating Committee was given a mandate in 1967 by which "all deductions down to the final price received by the grower would be co-ordinated, to further implementation of rural development along the lines determined by crop priorities". To date, however, agricultural prices have been fixed mainly on the recommendations of the agricultural boards. The whole machinery for agricultural pricing policy including the APPCC will be reviewed during 1971/72.

Soil deterioration must now be considered as an important element in the planning of primary production. Joint steps should be taken by Kilimo, Maendeleo, Water, Natural Resources and Devplan to assess the areas for most urgent action with respect to ecological research and planning.

(b) THE NATURAL RESOURCES SECTOR

I. Developments in 1970

The Natural Resources Division of the Ministry of Agriculture, Food and Co-operatives was merged in fiscal 1970/71 into a new Ministry of Natural Resources and Tourism. A new parastatal for the wood industry was created by an Act of Parliament: all forestry industrial projects of the Forest Division and of the National Development Corporation are being absorbed into the new corporation.

Forest development has progressed rapidly in 1970/71. Revenue is expected to have increased by 70 per cent over the previous year. Foreign trade in wood and paper products increased by 50 per cent between 1969 and 1970. Exports of honey products (which are in part a product of the forests) increased four-fold over that same period.

Value of fish production reached Shs. 120. million in 1970. Exports rose by 12.2 per cent to Shs. 28.9 million over 1969 and imports rose by 6.5 per cent to Shs. 4.7 million. Efforts are being made to increases fisheries extension services and to encourage the development of village fishing units.

II. Main Objectives to be pursued in 1971/72

The new Tanzania Wood Industries Corporation is expected to consolidate in 1971/72 the operations which have been handed over to it and to review all plans that the Forestry Division and NDC may have had for future investments.

The beekeeping project getting underway this coming fiscal year is expected to produce good returns. Bee farms are to be established in ujamaa villages in the Chunya district under the auspices of Maendeleo. Maliasili field officers will be co-operating in the project.

Progress in constructing fish receiving stations was delayed mainly because of the difficulties in securing suitable sites particularly in Bukoba and Musoma. The Musoma site has now been secured. Fish-receiving stations including preservation and processing facilities are crucial to eliminating waste by deterioration and therefore have been given high priority. Fisheries extension also has been given high priority by the Ministry as it is expected to give returns in terms of increases in catch, productivity and peasant income.

III. Main Features of the 1971/72 Expenditure Programme

The major expenditure proposed for natural resources are the hardwood and softwood planting projects in the Forestry Division. These projects will involve tending of existing plantations, inter-cropping and new planting and will take up a full 65 per cent of the Natural Resources budget of Shs. 17.3 million.

Two other major projects include initiation of the inventory of 33,000 square miles of forest, and the sawmill development at Rongai. These two projects will absorb a further 22 per cent of the Natural Resources budget.

(c) TRANSPORT AND COMMUNICATION

I. Implementation Highlights in 1970/71

During the year major emphasis has been placed on the continuation of a few big projects of overriding importance. Progress on most projects has on the whole been quite satisfactory. The Morogoro—Tunduma section of the Tanzam Highway, Kilimanjaro Airport and Tanga Jetty will all be completed by the end of 1971. Construction work has started on the Tanzam Railway and progress on this project is so far very good. Three deep-water berths were completed during the year at the port of Dar es Salaam and two more are currently under construction. A feasibility study on a new major road link between Arusha and Mwanza is being prepared. A preliminary investigation into the feasibility of improving the existing coastal road from Dar es Salaam to Lindi was also carried out during the year. A new National Transport Corporation (N.T.C.) was set up as a focus for all transport activities of the public sector.

II. Main Objectives

For quite some time now the need for more emphasis on feeder road development has been widely recognised, but very little has actually happened so far. Feeder road programmes in eight districts in different parts of the country are now ready for implementation. It is intended to start with some feeder road construction in the Geita and Mara areas and to expand the programme as soon as the budgetary situation improves and most of the present major transport projects are completed. This construction is to be carried out by self-contained "betterment units" which can carry out this work by direct labour without the use of contractors. These units are to be utilised both for improved road maintenance and construction of minor roads. There will have to be new efforts to identify and study suitable feeder road projects in other areas of the country. So far feeder road studies have been carried out by foreign Consultants. In the future Comworks, in co-operation with Devplan and Regional Economic Secretaries, intends to prepare such studies in the remaining parts of the country as far as is practicable.

In order to make full use of the major infrastructural facilities that are presently under construction or investigation (such as Tanzam Railway and Highway, Kilimanjaro Airport, Tanga Jetty, Arusha—Mwanza Road), a greater effort is needed to effect an integrated approach to bring together various economic sectors and plan all the related inputs necessary to utilize the new facilities. This relates to feeder road construction, development of existing agricultural potential, provision of marketing facilities, establishment of new settlements and Ujamaa Villages etc. So far Devplan has formed an inter-ministerial working party under the leadership of the Regional Planning Division to look into these questions.

Road maintenance is one area which requires much more attention than in the past. In the interest of the national economy it is at least as important to maintain the existing roads properly and to a good standard than it is to build some new roads every year. Consequently recurrent expenditure for road maintenance calls for as much attention as the allocation of funds for new projects. The most serious bottleneck in this respect is the extraordinary shortage of road-working equipment and machinery. Any significant improvement of present road maintenance procedures will only be possible through the purchase of a substantial amount of new equipment. This is very costly and not enough financial resources are presently available to acquire as much new equipment as is really needed. A study dealing with all aspects of present and required road maintenance procedures is presently underway and scheduled to be completed by the end of 1971. The results of this study will provide the basis for future improvement of the present unsatisfactory situation.

As serious as the shortage of equipment is the lack of manpower for practically all types of jobs within Comworks. This is definitely a very major constraint for any significant increase of the roads and aerodromes programme, particularly for any shift of emphasis to smaller rural-oriented projects such as feeder roads which by necessity have to be carried out by direct labour and require more Comworks personnel than the large construction projects which are executed through foreign consultants and contractors. For some of the high-level technical jobs overseas recruitment may still be necessary for some years. This recruitment has not been taking place at the required rate to fill all the established posts. Consequently more efforts will have to be made in this respect to increase Comworks' capacity to properly plan, implement and afterwards maintain all its projects. For the same reason the whole question of training programmes for local Comworks personnel at all levels also needs much more attention that it has received in the past. This is the only possible way of solving the manpower problem in the long run. Some foreign personnel for training programmes in the field of road maintenance have recently been recruited.

It was decided in 1970 that shipping services should be set up on Lake Nyasa between Itungi Port and Mbamba Bay. According to a feasibility report this would require a capital expenditure of about Shs. 1.5 million. Negotiations for possible foreign assistance for this project are still underway.

The port of Dar es Salaam continues to be a problem area. Despite the recent doubling of the number of available berths it is still working under heavy strain. Efforts are being made to improve the operational performance under existing conditions. A management study of the whole organization is now underway which may in the near future lead to an increased productivity of port working. Also very high priority has to be accorded to the future expansion of the port, particularly in view of the expected large increase in cargo throughput after the completion of the Tanzam Railway. Preliminary site investigations and other planning measures have already started. This is the responsibility of the E.A.H. Corporation. To meet the 1974 deadline it is imperative that all sides involved continue with the preparation of this project as quickly as possible and treat it with utmost urgency.

Comworks is presently reviewing the national trunk road grid system with a view of properly numbering all major roads in accordance with plans by ECA to establish a grid system of continuous international road links in Africa.

III. Main Features of Expenditure Programme for 1971/72

This year for the first time more projects have already been properly investigated and are now at the design stage than it is possible to finance. Most of this year's Comworks programme will be centred around the continuation of just three major projects, i.e. Tanzam Highway, Kilimanjaro Airport and Tanga Jetty. The latter two projects will be completed by the end of 1971, but the complete re-construction of the Dar es Salaam - Morogoro section of the Tanzam Highway and the construction of a completely new port access road branching off at Ubungo and by-passing the centre of town will take until 1973.

Apart from the above major projects Government is currently negotiating a loan with the World Bank under which final engineering of the Mtwara - Mingoyo - Masasi road will be completed for bitumenization to start effectively in 1972/73. A start will also be made to get feeder road programmes underway in at least two areas of the country, i.e. Geita District and Mara Region. External finance is also likely to be available for similar feeder road programmes in Lushoto and Rungwe Districts. If successful, these projects may also be able to get started before the end of the financial year. Some improvements of Dar es Salaam Airport which are already underway will be completed. Also some additional Airport Fire Services will be purchased. The feasibility study and design work on the Arusha—Mwanza road link will continue and the construction of Sigi bridge on the Tanga—Moa road will now go ahead. On the parastatal side N.T.C. intends to launch a new National Road Haulage Company, to increase significantly the present bus fleet of D.M.T. and to start the new Coastal Shipping Line at the beginning of 1972.

By far the biggest infrastructural project presently underway is the Tanzam Railway. The first 500 km of trackage are expected to be in service by the end of 1971. Local costs of shs. 145 m. in 1971/72 for the construction of the Tanzanian part of the railway are expected to be covered by raising this money through the sale of Chinese goods under a commodity credit agreement. Progress on this project is considerably ahead of schedule. The different East-African Corporations and Community Services are a very important element in the transport and communications programme. All of them together have budgeted total expenditures of almost

Shs. 200 m. in Tanzania for calendar year 1971. The most important projects among their investment programmes include continuation of construction of berths No. 7 and 8 at the port of Dar es Salaam and start of construction of the Mjimwema Single Point Mooring Buoy, improvement of existing permanent way and acquisition of new locomotives and rolling stock by E.A.R. Corporation and the installation of new facilities by the Meteorological Department and Directorate of Civil Aviation at Kilimanjaro Airport.

IV. Main New Issue to be Considered

D.M.T. is presently launching quite an ambitious expansion programme of its bus fleet with a view to offer greatly improved transport services to the public in Dar es Salaam and on its up-country services. This is in response to a widely held feeling that public transport services particularly in Dar es Salaam, but also in other parts of the country are often not fully satisfactory to the general public and do need some improvement. It is also noteworthy in this context that the growth rate of registration of new motor cars appears to have levelled off over the past years as an apparent result of fairly heavy taxation. One obvious corollary to such a policy is—of course—the obligation of the government to provide a reasonably good and efficient public transport system to as large a part of the population as is possible. It appears desirable to investigate in some detail all aspects relating to the question of public and private passenger transport in the country. This may include an evaluation of the needs of public transportation services in Dar es Salaam (a study is already underway), the feasibility of introducing public transport services in some of the other urban centres of the country, an appraisal of the presently available and required bus services outside of urban areas in the rest of the country and an evaluation of the benefits and burdens on the country of private vehicles. A review of the present transport arrangements of government departments and parastatals might also be desirable. Such an investigation should be carried out by a Working Party under the leadership of Devplan and be completed by the end of 1971.

N.T.C. also intends to enter into the goods transport business by way of forming a National Road Haulage Company as its subsidiary. It is the general intention of N.T.C. to concentrate on trunk road long-distance operations and to leave all regional and local feeder services to the existing co-operative and private road transporters. It should also be possible for these operators to work as subcontractors to N.T.C. on specific occasions in other areas of the country where they are not normally licensed to operate. This may be particularly necessary for the already ordered new vehicle fleet of Nyanza Co-operative Union which will only be fully used for about one half of the year during the cotton season and will otherwise be in danger of remaining largely idle. The same is true in respect to the lorries owned by Teeteeko and used for the transport of cashewnuts in Mtwara Region.

A careful analysis of all aspects of the road transport industry in the different parts of the country seems to be required before N.T.C. should start out on a large-scale investment programme for lorries. Such a study should attempt to identify the main areas of transport capacity shortages in the country (both regionally and by types of services), it should clearly spell out the respective roles of public, co-operative and private road transport operators and it should also evaluate the practices of the Transport Licensing Authority. Some thought should also be given to the optimal solution for the road transport operation to and from Zambia between now and the time of the completion of the Tanzam Railway. Such a review of the whole road haulage industry should best be carried out during the second half of 1971 by N.T.C. and Comworks with assistance from other relevant parties.

A feasibility study about the long-term development of Dar es Salaam Airport has been completed in 1970. It clearly outlines the need for an eventual extension of the runway and the construction of a new terminal building. It is not yet clear when this will optimally have to take place. But in any case some decisions about the future land use in the areas adjacent to the airport are very soon required so as to leave open any options for a required future expansion of the airport.

One vessel of the new Tanzania Coastal Shipping Line will come into operation at the beginning of 1972 and will provide regular services between Dar es Salaam and ports along the southern Tanzanian coast. There appears to be some potential for the acquisition of one or two more vessels and for the extension of services as far as Somalia and the Persian Gulf. This needs to be carefully investigated in connection with chances of promoting exports to these areas and some decision about an expansion of the Coastal Shipping Line may have to be taken during the year. Such an investigation would best be carried out under guidance from N.T.C.

The Intergovernmental Standing Committee on shipping (I.S.C.O.S.) of officials of the governments of Tanzania, Kenya, Uganda and Zambia is currently reviewing the whole present set-up of shipping arrangements under the existing shipping conferences. For several years now there have been continuous conflicts between I.S.C.O.S. and the various conferences about the justification of freight rate increases and of special surcharges in cases of temporary alleged port congestion. It is widely felt that the present arrangements in this respect are not fully satisfactory to the East African countries. Therefore such a review has been started by I.S.C.O.S. This also includes an evaluation of the role of the Eastern Africa National Shipping Line within the context of the existing shipping conferences and review of the operation EANSL. A more wide-ranging UNDP-sponsored study investigating all problems related to the present international shipping arrangements of East Africa will also soon get underway. Based on the outcome of these different investigations Government will be called upon to make some new policy decisions in this important field.

The town of Tanga is presently undergoing a rapid change with several industrial projects being set up and with the construction of multi-purpose jetty in connection with the fertilizer factory. The expected construction of a new major road link between Arusha and Mwanza will also very significantly increase the hinterland of the port of Tanga. In the light of all these new developments the whole future role of this port ought to be reviewed and studied in detail. This will have to take into consideration the optimal division of labour between the ports of Mombasa, Tanga and Dar es Salaam.

(d) WATER AND POWER

During 1970 organisational changes were introduced which brought the and power under one Ministry. In the course of the year also a long term rural water development strategy was adopted. Initially a water resources inventory will be prepared for each region and will be incorporated into a regional water master plan. The main expenditures for the urban water supply and drainage were on Dar es Salaam, Tanga, Dodoma, Kigoma and Bukoba. In power sector preliminary construction work (including construction of access road) started on Kidatu project during 1970/71.

II. Main agreed objectives

I. Developments in 1970/71

The Ministry will proceed with arrangements for the preparation of regional water master plan. In order to meet the technical staff requirements for the implementation of the 20 year water programme there will be an intesified training of local staff abroad and at the proposed "Water Resources Institute of Dar es Salaam".

The need for hydrological information and data for successful implementation of water supply, irrigation, power and rural electrification programmes, will be partly met by continued surveys and investigations. Feasibility studies will be made on Stiegler's Gorge project, Kiwira River, Kagera River Basin development, and rural electrification programme.

A method of generating power by the "SPILLING MOTOR" will be introduced in Ikwiriri ujamaa village (Rufiji) and Malya ujamaa village (Maswa) as pilot schemes. Successful application of this method will depend on the availability of waste material (as fuel input), water and load demand. Tanesco will start constructing the first phase of Kidatu Scheme which is to generate 100 MW by the end of 1975.

The power programme will be dominated by construction work on Kidatu project, but Tanesco will continue to expand electricity supplies to the urban centres. Electrification of Himo/Marangu, and Mafia will be completed. Construction of Hale/Tanga transmission line, Mtwara/Lindi transmission line, Hale/Likutetwa transmission line and installation of Mwanza thermal sets 7 and 8 will continue.

The irrigation programme will remain generally as outlined in the current Five-Year Development Plan but emphasis will be placed on Mbarali Irrigation Scheme to maintain the cultivated area of 4,000 acres for rice and wheat production together with 4,000 acres farm extension. Kalenga and Mombo village irrigation schemes will be maintained. Investigations and designs in respect of ujamaa village irrigation will be continued while designing of structures for flood control mainly in Morogoro, Tabora, and West Lake Regions will be carried out.

In respect of Urban Water Supply and Drainage the work to be undertaken will cover the extension and improvement of distribution systems of on-going projects in major towns in order to increase economic infrastructure. Final investigations and design work on Stage I of Tanga Water Supply which is to satisfy water supply requirements up to 1980 will be completed and the second stage may commence in 1972/73. Again, final touches of the investigations and design on Lower Ruvu Scheme will be made this year, but construction can be anticipated to start in 1972/73.

III. Main features of expenditure programme

The total allocation for the Water and Power programmes is Shs. 59 millions of which Shs. 39 millions goes to rural water supply and Shs. 8.5 millions goes to urban water supply. Kagera study and Stiegler's Gorge study will get Shs. 4.9 millions and Shs. 3.5 millions respectively. Tanesco will receive Shs. 67.1 million from the government to execute its power programmes.

IV. Main new issues

(a) The Ministry will undertake a more comprehensive well sinking programme after the preparation of master plans for all regions.

(b) The possibility of introducing uniform water tariffs instead of current water charges which differ from one urban centre to another will be explored.

(c) TRADE AND COMMERCE

I. Developments in 1970/71

Events moved rapidly in trade and commerce during the year. Mainland export growth kept ahead of Plan target, growing at over 6 per cent; imports were 34 per cent higher than in 1969; S.T.C. achieved its target of opening a branch in every region and increased its confinements from 108 to 485 items. Participation in trade fairs resulted in some large sales and the first exportation of beef to Zambia proved a large success. Import substitution continued, particularly in textiles, and export possibilities were identified by trade missions in the Congo, Arabian Penninsula and North Africa. A new system of Pan-territorial prices was introduced on iron sheets, whereby the product will sell for the same price at regional centres.

With respect to other specific goals: (1) consumer imports were held at below the Plan limit; (2) storage requirements for grains and perishables were assessed and a project for the former is included in the 1971/72 capital budget; (3) the Plan goal of opening trade offices in Kenya, Uganda and Zambia was persued to the point of a detailed plan for the Zambia office. (4) food imports increased, rather than decreasing in accordance with the Plan goal; (5) exports to the East African Community rose by 42 per cent; (6) trade was significantly diversified, with China, the European Economic Community and Zambia becoming more important partners; (7) the share of exports handled by People's institutions did not rise sigificantly; and (8) there were shortages and surpluses in a variety of consumer and intermediate goods, partly stemming from organizational problems in S.T.C.

II. Main Objectives

(a) The Second Five-Year Plan calls for controls on the trading margins of public and private corporations. As yet, little has been done to this end; S.T.C.'s profit margin has been partially evaluated and the effects of different combinations of profit margins on various classes of goods (luxury, low income, producer) analysed with respect to the financial position of the Corporation. In the coming year this analysis will be completed for S.T.C. and extended to N.D.C. Mincom will then work out guidelines for profit margins on the basis of these analyses.

(b) Among the specific objectives and targets to be achieved by S.T.C. this year are: a rapid reduction of stocks to 3½ months sales; the reduction of their overdraft; the application of strict commercial standards to the performance of their personnel; the implementation of stock control to eliminate shortages and overstocking; and the operation of import licensing in conjunction with national policy.

(c) Mincom in conjunction with Devplan will formulate an export promotion strategy with a view to diversifying both the export destination and the product mix.

(d) Mincom, in consultation with Treasury and Devplan, will work out guidelines, in early 1971/72, for holding consumer imports at the level required for the implementation of the foreign exchange plan.

(e) Mincom, in conjunction with Devplan, will carry out an analysis of specific commodity imports with a view to drastically reducing luxury imports.

(f) Devplan and Mincom will embark upon a thorough analysis of the potential of markets in socialist countries to the end of advancing bilateral trading links. This will necessitate a review of the problems related to the method of financing such trade. More efforts will also be made to secure, on favourable terms, trade agreements with other African countries.

(g) Mincom will renew its efforts to open trade offices in neighbouring countries.

III. Main Features of Expenditure Programme for 1971/72

S.T.C. was originally conceived as an institution that would meet all its capital needs (for development, as opposed to working capital) out of its surpluses and, until now, has done just that. It has a well-planned programme for taking over the wholesale and import trade. Its target for accomplishing that is the end of 1972. It will continue its construction of storage facilities (at a slower than planned pace) out of its own resources and expects to be able to spend about Shs. 10 million this fiscal year. In addition, a 75,000 Sq. Ft. godown will soon be completed in Dar es Salaam.

VI. Main New Issues

(a) For some major agricultural products the export prices and internal prices vary greatly. Where export prices are higher than domestic prices, there may be: (1) foreign exhcange foregone if output is consciously diverted to the domestic market (e.g. meat); or (2) domestic shortages (or import increases) if output is exported. When domestic prices are higher than export prices: (1) production may exceed local demand and surpluses only exported at an accounting loss or stored at great cost as in the case of maize and paddy or (2) local producers (who use the goods as inputs) may have to pay prices higher than those paid by buyers of our exports—this inflates domestic costs of production. In this latter case, producers may decide to import (at lower prices) goods that are in surplus domestically. Thus the National Agricultural Products Board stock large maize and paddy surpluses rather than export at a price lower than the domestic fixed price. And cashewnut processors and instant coffee producers must be subsidised when they buy their inputs because the export price is higher than the internal price. The question of what the general relationship should be between domestic and export prices should therefore be attacked this year.

(b) S.T.C. should explore the possibilities of importing more low income consume imports.

(f) MANUFACTURING INDUSTRY

I. Developments in 1970/71

While industrial sector expansion continued in 1970/71 a very high proportion of Investment was concentrated in plans which are not yet in production As a result both factory completions and output growth were lower than in the recent past during 1970 and to a lesser extent the first half of 1971. At the end of the period investment in partly completed industrial products plus related Tanga jetty exceeded Shs. 250 million. During 1971/72 relatively few new starts will be made but a substantial volume of 1969/70 and 1970/71 investment will come into production for the first time thought the full impact of this new capacity will probably not be felt until 1972/73.

During the 1970/71 annual plan period seven new parastatal enterprises entered trial production. These were: Tabora, Msitu products, and Tembo Chipboard in timber processing, the re-established Kibo paper product manufacturing plant, Natioal Cashew in food manufacturing, the steel rolling mill in metal processing, Tanzania Gemstone industries in precious and semi-precious stones processing. Major extensions are to be completed at bag, mining, and blanket and cement plants.

The increase in fixed assets brought into operation was about Shs. 48 million and these new establishments, when at full capacity will employ about 2,500 people. The government investment in N.D.C. projects during 1970/71 was about Shs. 69 million to a large extent in projects still under construction at the year's end.

National Small Industries Corporation (N.S.I.C.) made rather enhanced though still limited progress both in promotional and commercial activities. During 1970/71 it was planned to invest a total of Shs. 3.0 million for establishment of 150—170 industrial workshops at Singida, Mwanza, Igalula, Njombe, Arusha, Morogoro, and Dar es Salaam (Industrial Estate). Implementation of certain projects started in 1970 while for others it was delayed to the past few months. Last year industrial workshops were started in Singida and Njombe. The remaining projects are scheduled for implementation during 1971/72.

Of importance is the more rapid progress achieved on the Industrial Workshops at Kiserawe Street Dar es Salaam. In 1970 the project has achieved a turnover of Shs. 1.1 million compared with Shs. 0.5 million in 1969. In 1971 it is planned to increase overall sales to over Shs. 2.0 million.

In commercial activities related to handicrafts the main event was the establishment of National Arts of Tanzania, with a share capital of Shs. 250,000. During its first year of operation this company earned a profit of Shs. 155,000 of which Shs. 150,000 was made from sales of wood carvings at Expo '70 in Japan. However, ultimately the development of semi-mechanised cashew-nut processing based on Ujamaa Villages should prove of great importance.

Small scale industrial and craft development appears to be on a stronger footing than before but requires continued attention. The present pilot efforts are concentrated in Dar es Salaam whereas both decentralization of development criteria and the better competitive position of regionally based workshops and small industries close to markets and raw material supplies and insulated by distance from large-scale competitors suggest a need for new efforts to be centred in smaller towns. The possibilities of integrating small units with large as component suppliers or product finisher requires further attention as does the means of integrating N.S.I.C., T.R.D.B., and T.D.F.L. experience and resources with District Development Corporation and Ujamaa Village manufacturing and craft projects.

1971/72 will be a year of consolidation in the industrial sector as for other parts of the economy. The principal activities will be the completion of a number of major ongoing projects and improving the efficiency of existing enterprises.

1971/72 should see the completion of fertiliser and tyre factories, and a Distillery, reopening of the rebuilt Imara plywood plant, initial production by E.A. Fibreboard, Mkata Sawmill, and opening of the Tanzania Bag Corporation expansion. Work will continue during the year on Tanzania Shoe and cashew nut processing expansion. The successful start of production of these projects should lay the basis for more rapid output growth in 1972, and 1973, while employment should continue to rise by at least 3,000 per year.

Many of these projects have suffered from delays in execution (average 15 months) and cost over-runs (some over 50 per cent) compared with the original estimates. Seven of the projects under implementation in 1970 were expected to cost about 40 per cent or Shs. 43.5 million, above expectation—for various reasons including omissions from feasibility studies, changes in design, increases in plant costs largely resulting from foreign inflation and D.M. revaluation), and rising construction costs. Cost escalations of this magnitude if they cannot be contained will require a thorough review of forthcoming projects and perhaps a reconsideration of plan strategy.

Investment finance—both long term from T.I.B. and working capital from N.B.C.—will be scarce during 1971/72. T.I.B. foreign borrowing will normally need full consultation by the parastatal concerned at design and contracting stage to allow mobilization of resources on favourable terms. This will require radical changes in the policies of certain parastatals as exemplified by the delays in data provision and co-ordination which delayed financing of Tanga Jetty and will thus delay the opening of the fertilizer plant. N.B.C.'s total lending to parastatals as provided for in the credit plan will be adequate to allow industrial sector stocks of raw materials, spares, and finished goods to be raised at a rate consistent with industrial sector buoyancy if, commercial sector lending, can be reduced in accordances with financial plan.

In the small-scale industry programme modest investment will be made in industrial workshops in Bukoba and Dodoma, but the common facilities centre for the light-engineering industrial estate in Dar es Salaam will be to be re-phased to 1972/73.

The National Arts of Tanzania (N.A.T.) plans in the year 1971 to achieve a record handicraft sales of 2.5 million shillings. To achieve this target, N.A.T. plans to diversify its products and enter into new markets in Europe, Australia, and North America.

A number of important pre-investment studies will be undertaken during the year that would—if results are positive—have a major impact on the direction of the long-term industrial strategy. Among these are: the final phases and checking of the Sisal pulp and Utondwe Salts Studies, continuation of Liganga coal, iron and steel feasibility studies, and the initial phases of the multi sector Stiegler's Gorge Study.

Improved co-ordination of location, capacity level, fiscal incentive, investment protection, and related issues is to be sought through the merger of the Tanzania Investment and Industrial Licensing Board into a single Tanzania Investment and Industrial Licensing Council serviced by a secretariat in Mincom. The Council will seek to further industrial decentralization to the development towns through issuing licences for particular locations and proposing benefit packages to offset the additional costs of these locations when and if approapriate.

II. Main Features of Expenditure

The Government contribution in 1971/72 in partially financing 9 N.D.C. (including NATEX) projects is planned to be Shs. 14.1 million. The projects to be financed from this contribution include the fertilizer plant, Kibo paper industries and the Mtwara Cashew Company. With N.S.I.C. a total sum of Shs. 870,000 will be invested in industrial workshops and commond facility centres during 1971/72 annual plan

III. Main Planning Issues

Work on the long-term industrial strategy will be started owing the year. In this regard consideration will be given to the establishment of a special organisation which will be charged with the task of formulating the strategy. However, the basic direction of engineering, chemical, and metallogical industries development will be fully ascertainable only once the sisal pulp, salt, coal, iron-vanadium, and Stiegler's Gorge power study results are known.

Mincom and Devplan will embark upon a thorough analysis of the utilization of industrial capacity, with special emphasis on textile and garment, food, soap, engineering, construction meterials and metal industries. Attention be given to finding economic incentives for improved capacity, utilization with special attention to introduction of quality control and more rational pricing structures.

Devplan in co-ordination with Mincom, T.I.B., Comworks, and Treasury will initiate an exercise designed to achieve better early estimation of project costs (including escalation during implementation) and more effective control over subsequent increases. A more complete data submission and checking procedure should eliminate certain errors in estimation while attention is also be devoted to tendering and negotiation procedures and the form of contracts.

Devplan, in co-operation with Mincom and Treasury will complete the designing of a unified system for industrial project preparation and selection. The responsibilities of every participant (Devplan, Mincom, Treasury, parastatal firm and investor) will be clearly defined.

N.D.C. and other parastatals should concentrate on industrial and urban development in nine development towns. As over 80 per cent of investment in projects under construction is already outside Dar es Salaam the present problem appears to be primarily one of ensuring that there is a build up of location decisions in favour of the Central and Southern-area towns as well as of the Tanga—Moshi—Arusha line in which 1970—1972 industrial investment has been, and will be, concentrated.

(g) HOUSING AND CONSTRUCTION

I. Developments in 1970/71

A total of 1,712 low-cost housing units were completed in 1970/71 by the National Housing Corporation. Half of these are "multi-family" units, ranging from one-room to three-room units, renting from 45/- to 135/- per month. The remainder have been constructed as flats, which carry rents ranging from 80/- to 127/- per month A substantially larger volume of Permanent Housing Finance Company of Tanzania funds was made available to National Housing Corporation in 1970/71 than in the previous year, but the money was specifically directed towards the construction of medium—cost houses and flats. The funds carry an interest rate of 8½ per cent p.a., which means that the rents for National Housing Corporation, "medium-cost" units, contructed at a cost of 25,000/-, are 300/- per month. As regards the "site and service" scheme, the 740 units planned as a pilot project have been completed. But the project was modified to include the provision of a number of "core houses", to be completed by the members of the Mwenge Co-operative society which has recently been formed. Additional resources had to be diverted for the completion of the project. and the monthly repayments are well over 100/-. Thus, at the end of the second year of the plan, the government housing programmes has not been able to meet the huge demand for low-cost houses in the urban areas. In Dar es Salaam alone, the waiting list for National Housing Corporation low-cost houses is approximately 21,000 and 9,000 people are waiting to obtain residential plots. There was a large increase in activity in the construction sector in 1970/71, accompanied by an increase in tender-prices of approximately 12 per cent. The rise in prices was in part of result of delays in delivery and increased prices of building materials. The management agreements with foreign partners in the two construction parastatals MECCO and NPDMC, were terminated during the year, and the minority shareholdings taken over by the government.

II. Main Objectives of Housing Policy

The major objectives of housing policy, as set out in the second five year plan, is to construct a minimum of 2,00 low-cost units in the urban areas each year, at an average cost not exceeding 7,000/- per unit, so that they can be allocated at rents which the low-income workers can afford. In addition, 5,000 serviced plots should be made available each year, upon which individuals, or groups of people organized under co-operative societies, could construct their own houses with a minimum of assistance from the government.

In order that these objectives may be achieved, it has been agreed that the National Housing Corporation should, for the foreseeable future, concentrate its activities upon the construction of two-cost flats and single-storey, multi-family houses, that can be rented as one or two-roomed units. Attempts should be made to secure funds from the P.H.F.C.T. for low-cost housing, so that the number of such units provided each year could be substantially increased. In addition, every effort will be made to improve upon performance in the area of site and service schemes.

The major objective in the construction sector is to develop and expand the activities of the construction parastatals, so that the degree of government participation in the industry may be increased. A comprehensive system of cost-control should be stablished, and attempts made to reduce the costs of construction through control over the process of design. The establishment of a training programme within MECCO will also receive high priority, so that Tanzanians can participate more fully in the running of this vital sector of the economy.

III. Expenditure Programme for 1971/72

In 1971/72 the National Housing Corporation will receive a total of Shs. 10.[illegible] million from budgetary funds, for the construction of low-cost flats and multi-family housing units. Shs. 2.9 million have been allocated to the Ministry of Lands, Housing and Urban Development for the provision of Economic Infrastructure in Dar es Salaam, and Shs. 1.2 million has been allocated for site clearance and servicing in the other towns.

It is anticipated that funds will be invested for the expansion of MECCO during 1971/72, and details of required expenditure are currently being worked out.

IV. Main Issues for the Future

The greatest constraint to the achievement of objectives for low-cost housing lies in the shortage of financial resources. The problem may be partially alleviated if the funds which may be available from the PHFCT could be put into the low-cost housing programme. These funds, however, carry high rates of interest. It is therefore the responsibility of the Ministry of Lands, Housing and Urban Development in consultation with Treasury to work out the implications of using PHFCT funds for low-cost housing, and put forward proposals for consideration. There is also a need for re-evaluation of site and service schemes, as these schemes have not been implemented on the scale envisaged.

Some re-organisation of the construction parastatals, and integration of other public-sector capacity for design and construction into the new framework is now urgently required, so that the maximum use can be made of the limited resources that exist in this field. This is the responsibility of the Ministry of Lands, Housing and Urban Development, which has recently established a committee to formulate proposals for consideration by the government.

(h) MINING

I. Development 1970/71

Tin has now replaced gold as the country's second important mineral in export after diamond. Export promotion efforts were mainly centred on the "Tanzanite" which continued to receive wide publicity.

In October, 1970 restrictions were imposed on the issue and renewal of prospecting rights in order to limit traffic in gemstone and pave the way for an orderly development of the industry through direct government participation. 2nd April, 1971 the Tanzania Gemstone Industries Limited a subsidiary of the N.D.C. has been given exclusive rights in all coloured gemstone trade.

With regard to the Liganga Iron Ore project further preliminary studies completed in 1970/71 confirmed the technical possibility of producing steel by a direct reduction process, and also indicated that vanadium could be a valuable by-product.

Geological research and studies in the Kigugwe Copper deposit were initiated during the 1970/71 financial year.

II. Main Agreed Objectives

(a) In order to rationalize the planning of mineral development in Tanzania, the Mineral Resources Development Unit will be formed and staffed in Minecom this year. Equally important Madini staff must be strengthened.

(b) The work which has been initiated with regard to the review of mining legislation will continue during 1971/72.

(c) In the meantime, work on investigation other minerals such as Kaolin (Pugu Hills), the "black sands" gold, zinc, copper and additional salt, must proceed.

(d) The study to determine the feasibility of exploiting coal, iron and other minerals in the Liganga Complex should be completed by March 1972.

III. Main features of Expenditure programme

For the financial year 1971/72 funds have been allocated to two main projects. Firstly the geological mapping which absorbs Shs. 1 million local and Shs. 5,920,000 external constituting a total of 6,920,000. Secondly the Kigugwe project has been allocated Shs. 749,500 local and Shs. 705,600 external making up a total of Shs. 1,455,100.

IV Main New Issues

In connection with the manpower constraint in the mining sector emphasis will be given to training of Tanzanians in local and overseas institutions.

(i) TOURISM

I. Developments in 1970/71

During 1970/71, some progress was made in localizing the Tourism Sector, in erms of its construction inputs and particularly its operations and management personnel. The hotel training school in the capital was operating satisfactorily. A more ambitious schedule for the localization of hotel management is now being drawn up. In this connection, need exists for increased allocation of high-level manpower to hotel management training programmes. A tourism localisation eminar was held in October and sub-committees established at that seminar have ontinued working to draw up plans for substantially reducing the import content of acilities and operations of the tourist sector.

During the latter part of the year, work began on a major re-examination of he T.T.C.'s future investment programme and financial requirements. A detailed inancial report was prepared which illustrates that the S.F.Y.P. tourism development programme's cost was greatly underestimated and that assumptions made elating to T.T.C.'s capacity to generate investment funds were too optimistic. urther a 10-year tourism development plan has been received from a firm of consulants. These studies will form the basis of the major re-evaluation of the tourism evelopment programme to be carried out during 1971/72.

. Objectives

In 1971/72 the ministry will give high priority to its continuing effort to localize he sector in terms of construction, furnishings, food and other operational inputs, nd transportation. Efforts will also be devoted towards localization of management. The major task of the government tourism agencies in 1971/72 will be to repare a thorough plan for the future development of the sector based in part on a etailed evaluation of the 10-year Tourism Development Plan. The T.T.C. will also e in position, on request, to assist regional authorities in preparing feasibility studies r hotels in the regions. The T.T.C. has been allocated Shs. 12,282,500 for coastal otels.

III. Policy Issues to be Resolved during 1971/72

(i) *The extent of desired development:*—The social constraints within which the government's tourism agencies are to attempt to maximize economic returns will need to be clearly defined. The extent of the government's commitment to long-run tourism development will be spelt out.

(ii) *The kind of development envisaged:*—The market for Tanzania tourism has been inadequately researched. Such questions as the precise market to which our tourism development is to be addressed, the kind of international promotion required to reach that market, the minimum standard of facilities and services required to satisfy that market, the maximum rates which that market will bear and the nature of allied tourist attractions (historical sites, entertainment, activities, etc.) which should be developed to give Tanzania a competitive advantage in that market must be answered. In addition, while the policy has been to encourage domestic tourism, little has been done or planned to implement it. If in fact it is premature to consider extensive domestic tourism development, then this policy should be made explicit.

(iii) *The means of development:*—The desired capital structure of the sector and the role of the T.T.C. should be reviewed. Given that the T.T.C. will not be generating substantial investment funds for several years, the role of private investment, both domestic and foreign, will have to be clarified. The financial policies of T.T.C. should be clear as to equity participation and minority shareholding.

(iv) *East African Community Tourism Development:*—Several studies of E.A.C. tourism, including work on joint international promotion, contiguous areas and tourism manpower, will be completed by the community during 1971/72. These will assist us in clarifying our policies towards community operations in tourism development.

(j) HEALTH AND SOCIAL WELFARE

I. Developments in 1970/71

The implementation of the Ministry's projects in the past year seems to have shown a marked improvement over the year 1969/70. The Ministry spent about Shs. 15 million (60 per cent) of an allocated Shs. 24 million in 1970/71, whereas it only spent 35 per cent of its development budget in 1969/70 of Shs. 16 million. However, somewhat less than half of the capital projects scheduled for completion last year were finished. 855 new hospital beds were added during the years 1969 and 1970. Two major new hospitals were completed in the first half of 1971—the 320 bed K.C.M.C. hospital at Moshi and the 469 bed T.E.C. hospital at Mwanza (which will not be fully operative until early 71/72). Seven new rural health centres were added last year and ten centres taken over from district councils and voluntary agencies or up-graded from dispensaries. New outpatient consultations in rural health centres and dispensaries increased by more than 11 per cent during 1970.

The Plan target of 20 rural health centres during the first two years (80 for the entire Plan) has thus not been met. Moreover, the health programme remains largely curative. It has not been possible, to draw up a sufficiently detailed plan to implement the preventive approach outlined in the Five-Year Plan.

In 1970/71 the rural health centre programme was re-examined with a view towards preparing a revised standard Rural Health Centre Plan, less expensive than proposed standard plans and better suited to a preventive approach than existing centres.

II. Main Objectives

(a) The major constraint limiting the rate at which the performance of the Ministry of Health can be accelarated is manpower. A planning unit will be established during the coming year. The Ministry's middle management administrative cadre needs to be reinforced.

(b) One of the priority tasks of the new planning unit, working with Devplan, will be a review of national health manpower requirements.

(c) High cost per square foot facilities will have to be avoided and facilities will have to be conceived and built as modestly as possible. Relatively sophisticated facilities and expensive equipment absorb very large portions of the total resources available for health services through high recurrent costs. Therefore, the major objective during the coming year will be to formulate at least the beginnings of a plan for an efficient health care delivery system for all the people that can be implemented within the country's resource constraints.

(d) In 1970/71 the rural health centre network extension programme was re-examined with a view towards preparing a revised standard plan less expensive than proposed standard plans and better suited to a preventive approach than existing centres. Owing to the high priority Government gives to this programme, redesign work initiated in late 1970/71 will be completed, and it is hoped that the network of rural health centres will be extended at a rate approximating that envisaged in the Second Five-Year Plan.

III. Expenditure Programme for 1971/72

During the year about six rural health centres are planned to be built and it is hoped that it will be possible, through self-help construction, to build more. A total of Shs. 1.5 million has been allocated the Rural Health Centres programme during the year. In addition funds have been allocated for the completion of a Rural Medical School at Mkomaindo, a Radio Therapy Centre at Muhimbili, and several social welfare facilities, notably three destitute centres, a remand home, the Irambo approved school, and day care centres.

IV. Main New Issues

In order to accomplish the goals of the Second Five-Year Plan, Afya requires planning guidelines. Among those which should be discussed and evaluated during the coming year are the following:—

(i) the provision of rudimentary health service to all the peple before relatively sophisticated services are offered to a few;

(ii) assigning priority to the improvement of rural health services, at necessary cost to further improvement to urban health facilities, and

(iii) a relatively balanced distribution of health manpower among regions and between major centres and rural areas;

(k) EDUCATION AND MANPOWER

Government education policies in the Second Five-Year Plan are basically the same as those followed in the First Five-Year Plan.

(i) To achieve essentially ful-self-sufficiency at all skill levels in the economy by 1980.

(ii) To give every Tanzanian child a basic seven years primary education as soon as the financial circumstances of the Government Permit, which is presently planned to be achieved by 1989.

(iii) To provide additional or further education only to the extent justified by the Manpower requirements of the economy for development.

In accordance with these policies all levels of education and training continue to be developed and expanded in an effort to achieve full self-sufficiency at all skill levels in the economy by 1980. Expansion in the primary education is aimed at providing every child in Tanzania a full seven year primary education by 1989 or earlier if resources permit. The first step in the provision of seven year primary education is the abolition of Std. V entrance examination at Std. IV. This is planned to be achieved by 1973. In 1970/71 it was found that although the primary school system had places for 48 per cent of primary school age in mainland Tanzania, 13 per cent of the capacity was vacant.

As a result of delays in securing I.D.A. loans in 1970/71 make shift accommodation had to be made in secondary schools and teacher training colleges in order to maintain planned enrolments. During 1970/71 preliminary work on the establishment of a second Technical College at Mwanza began. Plans are also being worked out to enrich secondary school curricular by introducing practical/commercial subjects.

The University of Dar es Salaam came into being on 1st July, 1970. This has helped the country to overcome many of the uncertainties in training critically needed high level manpower as decisions for providing such facilities locally can now be done more rapidly and without hindrance. In this way plans have been worked out to expand the faculties of Agriculture and medicine and to establish a new faculty of Engineering in addition to normal development of other faculties.

During 1970/71 much emphasis was also given to the development and expansion of adult education not only to eliminate illeteracy as soon as possible but also to educate citizens in their political rights and obligations in development process.

In 1970 enrolment in Std. I was 172,276 well within the planned target. In 1971/72 enrolment in Std. I is expected to be 182,981 or about 49 per cent of 7 years old children in mainland Tanzania. Self-help effort in the construction of school building is again expected to supplement planned investment of Shs. 8 million during 1971/72.

In 1970 enrolments in Form I and V was 7,372 and 1,506 respectively. Again well within the planned targets. In 1971 enrolments are expected to be 7,530 in Form I and 1,584 in Form V. However most of the school buildings started in 1970 with I.D.A. loans will have to be completed during 1971/72 if use of make shift accommodation is to be avoided and planned enrolments achieved. It is planned to invest a total of Shs. 29,063,400 in 1971/72 towards completion of such work.

Funds for expanding the Faculties of Agriculture and Medicine are still being sought. Plans for establishment of the Faculty of Engineering and a technical college at Mwanza are well advanced. If all goes well the first intake into these institutions is planned for 1973. A total of 942 Tanzanians qualified to enter University in 1971 and scolarships for train in both local and overseas Universities will be offered according to manpower needs of the economy for development.

Enrolment in adult education classes reached 371,715 by January 1971. 192,395 of these were women. It is planned to wipe out illeteracy by the end of 1971 in Mafia, Masasi, Ukerewe, Dar es Salaam, Kilimanjaro and Pare districts. Most teaching will be done by volunteers using equipment and transport facilities provided by Elimu and other interested organizations both public and private.

A few important issues have risen in manpower and education field which need resolving in the very near future:

(a) The University of Dar es Salaam does not have the capacity at present to enrol students in engineering and medicine in sufficient numbers to ensure achievement by 1980 of the goal of self-sufficiency in these occupations. Elimu assisted by relevant Ministries should work out proposals for solving this problem before 1972/73 academic year.

(b) In 1970/71 13 per cent primary school capacity was vacant despite the fact that no child was denied primary education for lack of school fees. Elimu should investigate the cause of this problem and recommend solution.

(c) The back log of indents for urgently needed expatriate staff for development projects is growing each year as a result of slow recruitment process. Treasury in consultation with Estabs and Devplan should study the problem and recommend faster methods for overseas recruitment.

(d) The number of citizens with first level University education is increasing each year which recruitment of expatriate experts continues. In order to reduce dependency on expatriate experts there is now urgent need to develop local expertise. Estabs, Elimu and Devplan should work out a purposeful scheme to develop local expertise.

(l) URBAN DEVELOPMENT

1. Developments in 1970/71

In order to measure the amount spent in the urban areas, and its effect, it is necessary to separate out the urban component of development expenditures by all Ministries. Two methods have been used in order to present a clear picture;

(a) The first method is a simple tabulation of all development funds spent in urban areas. In this case expenditure for urban development by all ministries rose substantially from a 1969/70 figure of Shs. 103,534,000 to Shs. 217,132,000 for 1970/71. This is a rise from 16.6 per cent (in 69—70) to 23.9 per cent (in 70—71) of the total development budget. There is some difficulty in separating urban from rural in the case of some expenditure, therefore the data are generalized, but should be considered on the low side.

(b) The second method is the result of a more complex measurement of the Impact of development expenditure on the urban areas. Impact refers to the resultant effect of a given expenditure. For example an expenditure on a regional road may have its greatest beneficial effect on an urban area; whereas a school built in a town may be used primarily for the benefit of students from the rural areas. Such measurements are necessarily rough estimates and therefore should be considered only as an order of magnitude. On the basis of an exercise carried out by Devplan, the 1969/70 Urban Impact of development expenditures is estimated at Shs. 248.5 million or 40 per cent of the total development budget. Predictably, the 1970/71 figure for Urban Impact increased to 45 per cent of the total budget, or roughly Shs. 398.0 million.

Thus in 1970/71 the urban areas with roughly 7 per cent of the total population received about 24 per cent of the development budget and benefited from roughly 45 per cent of total development expenditures.

An important question is whether the urban areas can account for this high impact of public investment in terms of productive output. Though this information is difficult to get in accurate detail it is estimated that last year the urban areas produced toughly 35 per cent of Gross Domestic Production.

The 1970/71 development expenditures in Dar es Salaam rose sharply to Shs. 69.7 million from the previous year's Shs. 17.2 million. This fourfold increase is due to, increased parastatal spending of about 30 million, increased government spending of about Shs. 19 million, and the remainder to education and urban infrastructure.

II. Objectives

(i) Manpower Training

Ardhi aims to undertake the first steps in a broad training program directed at fullfilling both their immediate needs for urban planners, and the policy of Tanzanization by 1980. Professional planning needs are to be met by sending 6 or 7 Tanzanians abroad yearly, between 1971 and 1978, for post graduate planning studies. A program for the training of sub-professional Planning Assistants has been developed jointly with the U.N.D.P. It envisions a U.N.D.P. sponsored three year training course for 15 students per year. The proposed program would be run within the Ministry but offer a diploma of university undergraduate equivalent. It has been estimated that if this program is operated for about seven years beginning in 1971/72, the country's long term needs for Planning Assistants can be met.

(ii) Planning the Growth Towns

If the infrastructure to support decentralization to the nine Growth Towns is to be provided, then it is essential that they be equipped with proper town plans. Ardhi will attempt to complete this task by supplementing their present staff with 10 planners on long term technical aid contracts.

(iii) Implementation of the Dar es Salaam Master Plan

The implementation machinery for the Dar es Salaam Master Plan will be streamlined during the year to become more effective. Ardhi will put into effect a government directive to create a special planning body charged solely with the responsibility of continued planning and implementation in Dar es Salaam.

(iv) Review of Existing Town Plans

In order to make the existing town plans for Dar es Salaam and Arusha more relevant to current economic circumstance, they should be reviewed with the objective of reducing potential infrastructure costs. Two examples might be cited:

(a) Re-allocation of clean industries so as to be closer to the workers' places of residence. This would reduce the need for extensive public transportation. Job locations would be more decentralized and more closely tied to housing accommodation.

(b) Wherever possible areas with existing services should be infilled as opposed to incurring the high costs of new services.

(c) Plans should be rearranged so as to enable housing and its' related functions to be grouped into identifiable urban communities.

It is of importance work be strated to evolve more comprehensive policy on urban settlement. On the short run side more effort must be expended to devise practical solutions to immediate and near future problems, in particular urban rural migration. The longer run task, to create comprehensive policy for future urbanization, must also be set in motion as to this crucial area of development.

III. 1971/72 Urban Expenditure

This year expenditure in the urban areas will be sustantially reduced, to Shs. 117,882,000 or about 16.3 per cent of the total development budget.

Correspondingly, the Urban Impact of all expenditure will fall to about 27.6 per cent of the total or about Shs. 200 million. The greatest percentage reduction directly attributable to a decline in government and parastatal spending, particularly on office, factory and warehousing accommodations. The cut back in building construction will most heavily affect Dar es Salaam where it is estimated that expenditures will be reduced by some 40 per cent from the previous year to about Shs. 30 million.

(m) INFORMATION AND BROADCASTING

I. Development in 1970/71

Until the end of 1970 "Information and Broadcasting" operated as division of the Ministry of Information and Tourism. In 1971, this division became the Ministry of Information and Broadcasting.

The main responsibility of the Ministry's Information Division is the collection of information and providing it to the people in the form of various publications, films, press releases, feature stories, photographic displays, etc. In the year 1970 the section about 25,000 copies of "Nchi Yetu" per month, 10,000 copies of "Kwetu" per week and 2,500 copies of "News Review" per month. About 14 films were produced covering mostly the visits of various State dignatories from outside the country.

During 1970/71 `financial year, the Government Publications Agency was established to sell all Government publications as well as printed material of Government corporations and other national institutions. It operates on a revolving fund basis.

Another Division of the Ministry, the Government Press continued to provide the printing service to all Ministries. The volume of work has increased tremendously as a result of the expansion in the Government activities; creating corresponding increase in paper and printing work. The equipment used and the staff position have proved inadequate for this volume of work.

Broadcasting is another function of the Ministry. Radio is the most effective means available of reaching the country. It forms the only media of news disemination that can reach the people in the rural areas directly and effectively. It has been estimated that at the end of the financial year 1968/69 when the Radio licences were abolished, there were about 700,000 radio sets in use in Tanzania which could reach an audience of 3 to 3.5 million. The licences were abolished in order to encourage more people to buy and use radios. However, since the abolition of radio licenses, it has become difficult to keep trace of the number of radio sets currently in use in the country.

The year 1970 also saw the nationalization of the English Daily "The Standard" and the weekly "The Sunday News". The policy of these papers is directly under the control of the President as Editor-in-Chief whereas its commercial activities are under the overall supervision of the National Development Corporation.

The sales of "The Standard" have risen from 18,341 per day in 1969 to 21,896 per day in 1970, and increase of 19.3 per cent. The sales of the weekly "The Sunday News" have increased by about 9.4 per cent from 20,456 per week in 1969 to 22,386 per week in 1970.

II. Main Objectives

(a) During 1971/72 a study is intended to be made of he existing communication network with a view to developing and improving the information flow. This study will try to discover the strengths, weaknesses and gaps in the present net-work and recommend corrective measures. More efforts will also be made to incorporate important news and information from as many people in the country as possible, thus giving a wider scope to their activities.

(b) The position of the Government Publication Agency is to be reviewed during 1971/72 to determine whether or not to make it a parastatal organization.

(c) During 1971/72, for the government printer, it will be necessary to examine the need for and type of better printing machines, organizational set up and management, and systematic training of personnel.

(d) It is also proposed to examine the desirability of establishing the Government Printer on cost-accounting basis. As the trend now is to steadily move towards programme and performance budgeting it is desirable to ensure that each Ministry appreciates fully the cost of its stationary and printing requirements.

(e) In order to involve the masses in the development of Government policies and programmes more opportunity will now be given to the public for discussions of public issues through the Radio. It is hoped that this will make people take an active interest in and be capable of taking informed decisions in public affairs and be more willing to take responsibility for the development and security of the country.

(f) A review of the overall radio programme is now being done with a view to removing duplication of programmes and to improve their effectiveness.

III. Expenditure Programme for 1971/72

During 1971/72 financial year construction work will begin for a Film Processing Plant at Mikocheni, Dar es Salaam. It is hoped that by 1973 all production of 16 mm. educational films will be done locally. At present all films are processed overseas at a very high cost. Total cost of the project is estimated at Shs. 4,735,000. External assistance in the order of Shs. 2,950,000 has been secured. Local finance allocated is in the order of Shs. 888,000. Secondly Shs. 3,710,000 has been allocated during 1971/72 financial year for booster stations which are to be established at Mbeya, Mwanza and Arusha. These stations will improve the reception of radio signals from Dar es Salaam.

PART V

REGIONAL AND RURAL OBJECTIVES, PROGRAMMES AND ISSUES

(a) Main Objectives and Programmes

(i) Expenditure Allocation Objectives

1. It is clear that Tanzania's regional development has been uneven. There are big differences in per capita incomes, and the pattern of public expenditure has tended to increase some of these differences. The aim is to reverse this trend in the future. The main effort in this direction must be to increase the rural development effort in those regions that have tended to get left behind.

2. Three main elements were proposed in the "Guidelines": first, the basic social services—health, education and water supplies—must be equitably allocated throughout the country. Secondly, in regions with low per capita incomes there should be an increase in the planning effort and financial allocation. Thirdly, the "nine towns" industrial allocation policy should be implemented along the lines outlined in the section on urban development.

3. Further, in all regions emphasis should be given to the poorer districts. Devplan has, wherever possible, observed the development priorities for 1971/72—72/73 set by the regional planning teams within each region—these priorities are summarised in section V (b).

4. The reduction in the size of the development budget in 1971/72 compared with the previous year has left very little room for manouver in reallocating expenditure between projects, regions, or sectors. It is, however, hoped to achieve a substantial increase in expenditure in 1972/73 in those regions that have tended to get left behind. This will require a major planning effort on the part of all ministries concerned.

5. Kilimo and Education, have a larger budget than other Ministries and also have a key role in the rural development effort. Since the distinction between recurrent and development expenditure has little real significance for agricultural expenditure, the recurrent aspect has to be given equal attention. Kilimo has already gone further than most Ministries in this respect by allocating some expenditures at the discretion of regional directors, on an equitable basis, though some anomalies still appear. Similar attention will be paid to other categories of recurrent expenditure. More attention should also be given to allocation of personnel to ensure that the poorer regions are not relatively worse off in this respect.

(ii) The Rural Development Effort

6. The Section in the Economic Survey for 1970/71 has highlighted two important points regarding the development effort from the capital budget going into the rural sector. These are (a) less emphasis is being given to rural projects in budget allocations than was originally intended and (b) this trend is reinforced because more implementation problems are encountered in rural projects than in major infrastructural or industrial projects. The guidelines on the Annual Plan suggested that the proportion of budgetary resources going to benefit rural impact projects should rise from 48.3 per cent in 1970/71, to 55 per cent in 1971/72 and 60 per cent in 1972/73. However, as has been pointed out elsewhere, it has been virtually impossible to change this trend in 1971/72 allocations as is evident in the following table.

	1970/71 Budget		1970/71 Estimated Actual		1971/72 Budgeted
	m. Shs.	% of Total	m. Shs.	% of Total	Est. % of Total
Rural—Impact ...	459	48.3	418	46.5	44.5
Urban Impact ...	383	40.3	399	44.3	35.1
National Infrastructure	109	11.4	82	9.2	20.4
Total	951	100	899	100	100

*Provisional Estimate.

7. In line with our rural development efforts and on the basis of experience to date it has been decided to increase the R.D.F. to 30 million Shillings this year. Of the total, 24 million Shillings will be distrubuted on the basis of population—i.e. 2 Shs. will be given for every person. The rest, i.e. 6 million Shillings will be put in a reserve fund and will be distributed by Maendeleo to projects regions according to their needs.

(iii) Social Services

8. For social services the national policy aim is to provide equal levels of availability to specified standards in all areas of the country as set out in Vol. III of the Plan.

(a) **Primary Education**

The basic aim is, in brief, to concentrate new classrooms in the areas with the lowest enrollment rates, while maintaining at least the present levels of enrollment, and abolishing the selection barrier between Stds. IV and V. These criteria will be adhered to. The details of the programme for 1971/72 (e.g. number of new classes at different standards, regional breakdown, etc.) are being worked out in the Ministry of National Education. This must also be accompanied by mobilisation of the people to ensure that places available are fully utilised.

(b) **Health**

Similarly, standards have been set for various *health facilities*: one hospital per administrative district, one hospital bed per 1,000 people, one dispensary per 10,000 people, and one rural health centre per 50,000 people. These criteria remain valid and the aim for 1971/72 and 1972/73 is to tackle the worst-served areas first, bearing in mind the present shortfall, and the utilisation of existing facilities. On the basis of the various criteria e.g. level of population, level of existing health services including services provided by non-government institutions, it is proposed to establish in 1971/72 one rural health centre each in Mbeya, Mtwara, Ruvuma, Singida and Tanga Regions and two in West Lake Region.

(c) **Rural Water Supplies**

The basic aim is the achievement of specified standards of availability for hygienic water supplies all over the country. At the present time standards are being drawn up, and 20 year master plans for water supplies will be drawn up for each region. This is a necessary long-term basic requirement for regional allocation, but will take from three to five years to complete. Rules for allocation in 1971/72 and 1972/73 have taken into account the different levels of need for water in different regions. Priority within this is given to the provision of water to Ujamaa Villages.

(iv) Nine Towns Policy

9. The plan objective is to concentrate industrial and urban development in nine selected "growth towns": Arusha/Moshi, Dodoma, Mbeya, Morogoro, Mtwara, Mwanza, Tabora and Tanga. Service facilities will, therefore, have to be expanded in these towns where necessary, and they should get preference as locations for centralized activities that will serve large areas. They must have priority over Dar es Salaam for any industrial type activities whether by Ministries or their Parastatals.

10. This policy has been taken a step forward, by the decision to set up a special Tanzania Industrial Investment and Licensing Council to control, inter alia, the location of proposed new industries. This Council will have powers to make establishment of a factory conditional on the choice of a particular location, and give various types of assistance to compensate for extra costs resulting from the choice of location. The smooth functioning of the Council will depend very much on the co-operation of Ministries and their parastatals in giving early notification of possible industrial projects.

Summary

11. In preparing the Annual Plan, Devplan has paid special attention to the needs of the regions with low per capita incomes; implementation by regions of the standards set for social services; avoidance of major anomalies in the overall regional allocation of funds; statements of regional priorities drawn up in the regions; improving urban-rural balance; and expanding RDF and improving the basis for its allocation. With the exception of measures concerning RDF, these efforts have come up against particular difficulties this year because of the reduction in the Development budget, and the large number of continuing and committed projects. By next year many of the committed projects will be finished, and in any case the financial situation should be easier. In this situation, and using the experience gained this year, we can expect to achieve much better success in achieving our regional and rural objectives.

12. The salient features of other rural development programmes e.g. planning for Ujamaa Villages and District Development Corporations and the expansion of the activities of the RDB in 1971/72 are summarised below.

(v) Ujamaa Village Planning

13. A large part of the rural effort will be directed towards Ujamaa Villages. There are now about 2,668 Ujamaa Villages in varying stages of development and about 13 per cent of the total population of Tanzania at present live in Ujamaa Villages. Future planning in this area will take account of the various considerations listed below.

(a) Forward Planning

There is need for **forward planning** for the Ujamaa Village programme as a whole. Funds come from many different existing sources from executive ministries; RDF, NDC/RDB, the President's Fund; the Second Vice-President's Fund, voluntary and overseas agencies etc. - and we do not at present know the size of the financial effort being devoted to Ujamaa Villages. It is therefore necessary to determine the **financial** and **manpower** implications of this programme.

(b) Creation of effective **implementation** machinery at the village level to ensure that the development plans are being successfully carried out. This includes

organization of the villages into workable units with elected leadership, **training** of villagers in the requisite skills and frequent **guidance** from extension workers especially on agriculture. Maendeleo and Devplan are at present working on a standard system of **progress reporting** from the regions which will permit regular evaluation of the progress being achieved in the implementation of the plans and allow corrective action to be taken where need arises.

(c) There is need for **co-ordination** of Ujamaa Village plans on a regional basis as well as planning each village separately. This will also help to minimize the cost of providing economic infrastructure and other social services and help to stimulate trade between villages to permit a greater degree of crop specialisation.

(d) Planning of small **rural** industries, especially of the labour intensive type e.g. cashew processing, charcoal and lime production, salt making, woodwork shops, etc.

(e) Investigating suitable areas for establishing new Ujamaa Villages especially in the vicinity of existing or planned infrastructure projects e.g. TanZam Road and Railway, Mwamapuli Dam, Kilimanjaro Airport etc.

14. Planning in and for Ujamaa Villages in 1971/72 will be emphasised in Dodoma, Kigoma, Mara, Mtwara and Singida Regions, where they are intended to solve specific problems.

(c) District Development Corporations

15. An intensive effort will be made in 1971/72 to train staff with managerial and accounting skills to man the DDCs. In addition to the four year courses being organised at the Institute of the Development Management to train Certified Public Secretaries or Certified Public Accountants, there will be crash courses in management and accounting. These will mainly take in local government officers and public employees who have already had some training in accountacy and will reorientate them towards business management or business accounting. One course for 25 students has been completed this year and 3 more courses are planned in 1971/72. These will last 2½ months each and will turn out a total of about 90 managers/accountants for DDCs.

16. During 1971/72 the ministries concerned will review the whole field of small socialist enterprises, so as to achieve a better coordination of the total effort. At present DDCs, NSIC and the Cooperative Unions are engaging in rather similar ventures, and are being serviced variously by Local Government Division of Maendeleo, Cooperative Development Division of Kilimo, and Ministry of Commerce and Industries, while a number of bodies are available to provide expert advice—particulary the Tanzania Rural Development Bank, Indcentre, and National Institute of Productivity. There is a danger of wasteful division of effort and ways must be found to effect better co-ordination.

17. Also during 1971/72 an effort will be made to provide better central services to DDCs in such fields as preparation of feasibility studies, auditing, creation of a good accounting framework, staff recruitment and training, and technical and management advice. It is hoped to achieve this largely through better co-ordination of the existing servicing and advisory bodies.

(vii) Tanzania Rural Development Bank.

18. The setting up of the Bank and its functions have been outlined in the review. 1971/72 will see a considerable expansion in the activities of the Bank. In the course of 1971/72 the government's paid up capital in RDB is planned to increase from 25 million shs. to 30 million shs. through government purchase of callable shares. Government will also loan shs. 7 million to cover NDCA overdrafts taken over by RDB. Short term deposits from public bodies are expected to decline from an average of 7 million shs. at the time NDCA was absorbed to an insignificant amount because of withdrawls by depositors. In future, the Bank will have to depend on borrowings from local as well as from external sources.

19. The largest source of funds in the immediate future is loans from foreign aid agencies to Treasury, for which the RDB will act as an implementing agency. The biggest outstanding credit line is the IDA TA 80 credit of Shs. 36 million, opened in 1966. Drawings on this credit will end in June 1971, and first repayments will start at the end of the year. However, a new six-year credit-line- IDA TA 217 for Shs. 42 million will be opened around the start of the 1971/72 financial year. This is largely for seasonal loans for tobacco production through Co-operative Unions, medium-term loans for ujamaa village producer co-operatives, and long-term loans to the Tobacco Board for processing and storage facilities. About shs. 6 million will be drawn from this credit line in 1971/72. A further large long-term loan for small-holder tea production is under negotiation with IDA, and it should be possible to start drawing on this in 1971/72. There is also a SIDA credit of Shs. 2.1 million for regional grain godowns for Cooperative Unions. It is expected that shs. 1.5 million of this will be drawn in 1971/72.

20. Total new advances from all these sources in 1971/72 are expected to total about shs. 47 million and outstanding advances, loans, and mortgages are expected to rise over the year from Shs. 68 million to about shs. 84 million, excluding the Tea Programme projected at 13 million Shs.

23. By 1973 the Bank intends to establish one branch in each region. It is hoped that by the end of 1971/72 it will have twelve fully experienced Regional Representatives in Arusha, Iringa, Kilimanjaro, Mbeya, Morogoro, Musoma, Mwanza, Ruvuma, Shinyanga, Tabora, Tanga and West Lake. About half of the Regiona Representatives needed by the end of 9171/72 will be new graduates, who will be given intensive training, both by working alongside existing Representatives and through additional courses. Regional Representatives will be assisted in vetting loan applications by Regional Advisory Committees.

(b) MAIN ELEMENTS OF THE REGIONS' PRIORITIES AND PROGRAMMES

Arusha Region

1. Main priorities in agriculture in the Region are centred around the development of the livestock industry. The Masailand Range Development which includes agricultural production and animal husbandry through ranching associations is an important project geared to increasing the rate of offtake which is very low at present and improving the quality of beef. Coupled with this are a range of veterinary services e.g. rinderpest control, inoculation crushes, etc. which have to be provided. Smallholder dairy development receives equally high priority in the diversification programme.

2. The forestry programme will concentrate on the planting of both hardwoods and softwoods and provision is also made in 1971/72 for the fibreboard plant at Arusha. Water development is another top priority project and will involve provision of water facilities especially to Ujamaa Villages.

3. A number of problems have cropped up affecting Arusha town which is a fast growing industrial and tourist area. This has led to acute shortage of land and consequent need for the expansion of the town boundaries. Great emphasis is therefore attached to the provision of economic infrastructure and plots related to the Arusha Master Plan. The plan must also see an alleviation of the housing shortage through the construction of low cost housing in 1971/72.

4. Other important projects for which provision is made for 1971/72 include the Kilimanjaro International Airport, mining of gemstones, Basotu Wheat Scheme; Oldeani-Mwanza Road and Urumeru, Karatu and Arusha Secondary Schools.

Coast Region

5. The economy of this region is dominated by Dar es Salaam. Because of this, average per capita incomes are about three times the national average. However, there are very weak links between the administrative and industrial centre and the rural areas, and rural incomes are among the lowest in Tanzania. One reason is evidently the low fertility of much of the area, and another is poor communications, but the rural areas could still play a much larger role in supplying rural products to Dar es Salaam.

6. Priorities for the Region remain almost the same as those given in the Five Year Plan. So far as Dar es Salaam is concerned, further efforts will be made to disperse industrial growth to the other regions, but considerable urban growth must still be anticipated with consequent demands on economic and social infrastructure. Important projects in this area are site clearance and servicing, provision of residential and industrial plots, low cost housing and expansion of urban water supply.

7. For the rural areas the aim is to improve the quality and quantity of food crops; increase production of food for Dar es Salaam - particularly fish, fruits and vegetables, meat and poultry; and expand production of other cash crops.

8. Agricultural projects of high priority are improvement of coconut husbandry; ox-training for Ujamaa Villages; expansion of fruit and vegetable growing in Ujamaa Villages; construction of cattle dips and veterinary centres; and small-holder irrigation in Rufiji and Mzizima districts.

9. The programme for exploitation of fishery resources includes improvements in marketing facilities for Bagamoyo, Kisarawe and Mzizima districts; establishment of village fishing units along the coast and assistance in the form of fishing gear and equipment to these units.

10. In the field of forestry high priority is given to re-afforestation in Bagamoyo and Mafia and to tree nurseries to be established in Ujamaa Villages.

11. Major projects in Communications for 1971/72 include the Dar es Salaam—Tunduma Road, and improvements to the Dar es Salaam Airport which are already underway. Resettlement of Warufiji on higher ground remains a priority and great emphais is placed on provision of water supplies particularly to Ujamaa Villages.

12. Amongst the projects of national impact are included the various developments connected with the expansion of the University of Dar es Salaam, research projects of Kilimo and Health, Fisheries Institute Kunduchi, Fisheries Development Centre at Mbegani, Chemical and Central Veterinary Laboratories, and major softwood-hardwood programme at Bana, etc.

Dodoma Region

13. An important strategy in agriculture is to boost food production and improve storage facilities so as to have regional self sufficiency and build up adequate stocks for bad years. Main food crops at present are maize and millets. Among the cash crops, grape vines should come in for a considerable expansion with provision for pesticides, fertilizers and irrigation.

14. Priorities in the livestock sector include improving the quality of cattle through disease control, raising offtake rate in order to provide economic returns and preventing overgrazing and improving livestock marketing. The Range Management Commission would help implement this policy.

15. Water remains a number one problem: hence the higher allocation for 1971/72 is made for the Region. The preparations for the 20 Year Water Master Plan are well underway by the Ministry of Water Development and Power.

16. Soil erosion is also a major problem. There is a need for a planting programme especially on eroded slopes; planting of firewood reserves and windbreaks which must be done to curtail further destruction; a modest provision is made for the establishment of regional tree nurseries.

17. Ujamaa Village planning carries special emphasis in the Region. Three Ujamaa Village planning teams are at work at present drawing up economic plans for the existing villages and investigating areas for establishing new ujamaa villages. It is anticipated that by 1973 the majority of the population in the Region will be living in Ujamaa Villages. This will call upon more rural services in agricultural extension, rural training, social and economic infrastructure. Provision is made for the establishment of a Rural Training Centre in Kondoa.

18. The Co-operative Union's plans for 1971/72 and 1972/73 include establishment of 15 large stores and 39 medium sized stores in the Region, a godown in Dodoma town, purchase of vehicles to improve crop transportation and improvements to the Tubungwe Ranching Scheme.

Iringa Region

19. In the agricultural sector, main priorities include the expansion of the production of two very lucrative cash crops, namely, tobacco and tea (the latter on ujamaa village/smallholder basis), training and demonstration for Ujamaa Villages, expansion of smallholder and satellite Ujamaa Village irrigation and production and distribution of seeds. In forestry major emphasis will be on the planting of softwood at Sao Hill and sawmilling.

20. The Region has a high potential in fruit and vegetables for both Dar es Salaam and export markets. The Njombe Farmers' Cooperative Union has plans to erect a fruit canning plant to exploit the potential. Other proposed investments by the Co-operative Unions in the coming year include construction of godowns, depots, a maize mill and providing passenger transport.

21. The water programme will give priority to provision of water supplies to selected Ujamaa Village and other rural localities where acute shortage of domestic water supplies is experienced at present.

22. Comworks' programme includes provision for completing the remaining sections of the Dar es Salaam—Tunduma Road. Other important investments include provision for the feasibility study for Liganga Iron Ore Complex, workshops by NSIC in Njombe and investments in Secondary Schools.

Kigoma Region

23. Fields where increased expenditure will take place in the next two years are agriculture, fishing, rural water supplies, and roads.

24. In agriculture the main emphasis will be on crop husbandry. In particular the Region requires its own farm planning team as all land planning services are at present provided from Tabora. The Vermin team needs enlarging and re-equipping. produce inspection programme will be continued and expanded, as well as the Agricultural Input Demonstration programme. However, with respect to the latter it is vital that agricultural input materials are readily available in the region for demonstration teams.

25. The Oil State Farm whose progress has been slow up to now due to lack of land clearing equipment will receive funds next year. With respect to the development of new crops, it is important to find a viable cash crop for the Buhu highlands, tea seems a promising possibility.

26. Animal husbandary is less important until the tsetse problem is solved. However some funds have been allocated for dips, veterinary equipment and permanent inoculation crushes in areas where cattle raising is feasible. In extension work greater emphasis is needed on dairying in Kasulu and Kigoma Districts.

27. Fishing plays an important part in the Regional economy, and major fisheries projects for the 1971/72 are the encouragement of ujamaa fishing and fishing research in Lake Tanganyika.

28. In the field of rural water supplies, a number of fairly large projects will be implemented by the Ministry of Water and Power; small supplies for Ujamaa Villages will be financed from RDF, Self-Help Funds or the Community Development Trust Fund.

29. Other important projects for which some provision is made for 1971/72 are a Rural Training Centre and Kigoma Secondary School.

30. The Regional Plan attaches high priority to the improvement in communications—especially feeder roads, health services and provision of plots in urban areas—particularly Kigoma/Ujiji and Kasulu.

Kilimanjaro Region

31. The objectives and programmes for the Region are intended to develop the existing high potential, especially, in agriculture. Major emphasis in agriculture will be on the development of new crops, extension in agricultural input demonstration and a step-up in smallholder irrigation development. The forestry programme will emphasise the planting of both hard and soft woods and development of indigenous forests and protection in catchment areas. Two projects connected to forestry are the Forest Industries Development project at Rongai and the Imara Plywood factory.

32. To assist farmers in the coffee diversification schemes, it is necessary that the smallholder dairy industry is encouraged.

33. Other priorities include provision of addition coffee pulperies to be undertaken by KNCU in a move to increase pulping services to the farmers.

34. Provision of water supplies is another priority especially in the lowland areas where water shortage cripples development efforts and hinders the development of ujamaa villages. This is important in order to induce the movement of people from the densely populated highlands.

35. The Fisheries Division will concentrate on encouraging co-operative groups to indulge in exploiting the fishery resources of Nyumba ya Mungu Dam. This project will involve setting up village fishing units to engage in the extraction and marketing of fish from Nyumba ya Mungu Dam. They will be provided with the necessary fishing gear, equipment, storage and marketing facilities. The Pare District Development Corporation will also be engaged in the same venture.

36. Other major investments in the region will be in the Kilimanjaro International Airport, Kenaf Industry, the establishment of an industrial workshop at Usangi and conversion of the former District Training Centre at Same into a Rural Training Centre.

Mara Region

37. As far as crop priorities are concerned, cotton will continue to be the principal cash crop in South Mara District. Wheat cultivation by state farms, Ujamaa Villages and smallholders is to continue and will be encouraged. At the moment results for this crop are not encouraging. Experimentation with better seeds are being made, and with application of modern farming techniques, wheat may become the next major cash crop for Mara Region. Maize and paddy are other crops to be increased in yields by using inputs and improving processing and marketing facilities. A new crop, tea, has been introduced to replace coffee in North Mara. Experimental plots which started in 1970 have given very encouraging yields. Expansion of this crop to smallholders and ujamaa villages in the near future is likely.

38. The expansion of the dairy industry in relation to high livestock potential in the region has also been given a high priority. The industry is to be expanded in Dairy State Farms and to be encouraged in Ujamaa Villages and by smallholders especially in areas of high rainfall. This will be accompanied by improvement in range management, disease control and processing facilities for dairy products and improvements to feeder roads.

39. At the moment the high fishing potential of the Region has not been tapped. With the establishment of a Fish Receiving Station and Ujamaa Fishing Villages the activities of the industry are expected to be expanded to exploit this great wealth around the Lake Shores.

40. Other priorities indicated in the regional plan include improvement in the existing health facilities and provision of electricity at Utegi and Tarime.

Mbeya Region

41. The Regional development strategy and priorities have been determined on the following general lines - encourage industrialization to stimulate the rural economy; promote trade between Mbeya and Zambia; provide feeder roads linking up with TanZam Road and Uhuru Railway.

42. To develop agriculture, smallholder irrigation schemes will be encouraged. Concentration will be on expanding Agricultural Input Demonstration and oxenisation in Ujamaa Villages. Efforts to develop new crops for areas now without cash crops will be intensified. Production of crops such as tea, tobacco and wheat will be expanded on state farms, ujamaa villages, smallholder and other schemes in the region. Fruit and vegetable production has high potential in the region, and attention must be given to improving transport, marketing and distribution to fully exploit this potential. Several godowns for crop storage are to be constructed by the Co-operatives in the region.

43. The livestock industry will be expanded through State Ranches, smallholdings, and in Ujamaa Villages. This will require construction of more cattle dips, permanent inoculation crushes, and veterinary centres for disease control, and expansion of livestock multiplication units to get better breeds distributed to farmers.

44. Fisheries Division will promote Ujamaa Village fishing units in Lake areas by providing them with fishing gear and equipment, and setting up modern marketing and storage facilities. Efforts will also be made to develop the bee industry in Chunya district for beeswax and honey.

45. The Water programme includes development of rural and urban water supplies, the Mbarali Irrigation Scheme and smallholder irrigation schemes in Usangu and drainage schemes in Kyela.

46. There will also be intensive geological mapping and reconnaissance in Chunya District and prospecting for copper in Kigugwe area.

Morogoro Region

47. The aim in agriculture is general improvement. Sugar gets particular attention, with some further expansion of acreage at Kilombero, and a major expansion of capacity at Mtibwa Sugar Refinery. As much as possible of the resulting expansion in cane area must go to ujamaa villages. Beef and dairy development in Morogoro

and Kilosa Districts are also a priority, and will be promoted through further development of Mkata and Ngerengere ranches, and further expenditure on dips, veterinary centres and tsetse control. Agricultural production, especially smallholder farming and ujamaa villages, will be stepped up through establishment of an ox-training centre, a horticultural centre and development of smallholder irrigation. A large seed multiplication unit will also be established in the Region. A project of importance for ujamaa village development is the conversion of the Bigwa training centre into a Rural Training Centre.

48. Forestry is of great importance in the region, both as an exploitable resource, and for conservation of soil and water. Major projects are the continuing hardwood and softwood planting projects at Mtibwa and Ukagwa, the forest inventory, expenditure on catchment forests and establishment of a Regional tree nursery.

49. In commucations, two big national projects—the TanZam road and the Uhuru Railway—continue to dominate. Before the end of 1971 there will be a regular rail service on the Dar es Salaam-Mlimba stretch of the railway, which will open up new agricultural opportunities for parts of Ulanga District, and the Lower Mkata plain.

50. The largest projects in the field of water development and power are the Stiegler's Gorge Feasibility Study, and the Kidatu Dam (one of the largest projects in this year's plan). Both of these, however, are national rather than regional projects. There will be further substantial spending on rural water supplies in 1971/72.

51. In the field of urban development, Morogoro town, which is one of the nine "growth towns" continues to expand, although there has been little industrial development. Expansion of the tobacco processing and storage facilities, and establishment of a tobacco auction floor will increase wage employment, and bring additional income to the town, as will the establishment of diesel servicing facilities by East African Railways. National Housing Corporation intends to construct low-cost housing in 1971/72, which should help relieve the housing shortage.

Mtwara Region

52. The general development strategy for the region rests on agriculture, and ujamaa village development. Perennial crops will continue to play a very important role particularly cashewnuts. Other important perennial crops are coconuts, oil-palms, and bananas. With the collapse of the sisal industry in the Region, further diversification of agriculture has become necessary. This is already taking shape with the introduction of lime trees, oil-seeds, oil-palm, soya beans, livestock, and development of horticulture.

53. Since over one third of the population is already living in ujamaa villages, this naturally affects the strategy for agricultural development. Re-grouping of population may lead to a temporary drop in production of perennial crops through abandonment of former individual shambas. To counterbalance this, extra efforts will have to be made to stimulate production of annual crops like groundnuts, paddy and simsim. There is a great need for tractor hire services for ujamaa villages.

54. Introduction of cattle in the region is taking place at a great pace and there is potential for further livestock development. This can be promoted by establishment of ujamaa village ranching associations, and by increasing the number of dips and spray-races. Tsetse-eradication in Nachingwea will permit keeping of cattle in ujamaa villages in the newly cleared areas.

55. The fisheries potential of the Region is very high, and efforts will be made to exploit this potential through the provision of various fisheries services and establishment of village fishing units.

56. Supervision of implementation of Ujamaa Village plans, plus seminars on political education, are major inputs in the development of the rural sector. Efforts will be made to supply water to as many ujamaa villages as possible. Forward planning on establishment of new ujamaa villages will be initiated so that they start as viable economic units, able to make better use of existing and planned social and economic infrastructure.

57. The industrial strategy for the area should be based on processing of local raw materials—cashewnuts—processing, oil-milling, coir-fibre, and saw-milling charcoal, salt and lime production. Where possible, industries will be located in Ujamaa Villages. Provision is made in 1971/72 to increase the number of units for hand processing of cashewnuts, mainly in ujamaa villages.

58. The Region has poor communications, both internally and with the rest of the country, and efforts are being made to improve these. In 1971/72 Coastal Lines will start a regular boat service linking Mtwara and Lindi with D'Salaam. The feasibility study for the Mtwara — D'Salaam Road is underway. Also detailed design of Mtwara—Mingoyo—Masasi Road is in hand with a view to its implementation.

Mwanza Region

59. Priorities and programmes for the development of Mwanza region have been set up taking advantage of great human potential and the region's natural resources. The region being a cotton-cattle complex, priorities and programmes for the coming two years have been set out for enhancing these two important industries.

60. In agriculture, priorities remain essentially the same. For cotton production, the strategy will be to increase the use of fertilizers and insecticides in order to achieve production targets set in the Second Five Year Plan. Emphasis has been laid on providing better marketing facilities, roads and storage in rural areas. The Nyanza Co-operative Union will undertake a major part of these investments.

61. In the livestock industry, much has yet to be done to improve marketing facilities, transport, disease control, etc. in order to increase the rate of offtake and improve the quality of cattle. Disease control measures, construction of dips and veterinary centres are, therefore, an important prerequisite to the further development of the industry.

62. Fishing industry is developing satisfactorily. The Mwanza Boat Yard is being expanded and establishment of marketing facilities is underway. Ujamaa fishing villages will assist to exploit this natural wealth further for home and export markets. Since these are the main industries for the region at least for a long time to come, the above developments have a high priority in the coming years.

63. Priority will be given, wherever possible to provide water, adequate technical advice, agricultural inputs, transport and storage facilities to Ujamaa Villages established in this Region. Some of the projects for which provision is made in 1971/72 include the Mwanza Thermal set, establishment of a Rural Training Centre in Geita, Oldeani/Mwanza Road which also passes through Shinyanga, an industrial workshop in Mwanza and improvement of cotton roads in Geita District.

Ruvuma Region

64. The top priority in this region is to increase agricultural production. This requires improvements in roads—both feeder roads within the region, and major links with other regions to facilitate crop marketing.

65. A feasibility study will be carried out on major improvements to the Songea-Makumbako road when funds are available. Improvements to minor roads are scheduled for 1972/73. In the field of agriculture, no major projects will be started by Kilimo, but there will be investment in development of new crops and various agricultural services like agricultural input demonstration, farm planning, vermin control and produce inspection services. There are also plans to establish a pig breeding unit in the Region.

66. Other major resources are forestry and fishing. The softwood planting programme will be continued through 1971/72, and there will be investment in catchment forests, and a regional tree nursery. A village fishing unit will also be set up to exploit the fishery potential of Lake Nyasa.

67. The rural sector will also benefit from continued expenditure on rural water supplies, and a new rural health centre will be established in the region. The construction of a new District Office at Mbinga will be completed.

68. The largest project to be undertaken in the region in 1972/73 will be the construction of the new Songea Secondary School.

Shinyanga Region

69. Shinyanga Region is a part of the cotton/cattle complex and as such, priority is attached to the use of various inputs like insecticides, fertilizers and ox-drawn equipment in order to further production.

70. In agriculture, crop priorities remain essentially the same, but emphasis is laid mainly on crops which give high returns from the use of fertilizers and insecticides. Cotton is to be expanded in new areas to be opened in Kahama District as well as on virgin mbuga soils. But before anything is done in opening up new land for expansion of cultivation, rational allocation of grazing land vs. land for cultivation should be undertaken. To date cattle and cotton are competing for land; no proper solution has been found.

71. The expansion of the livestock industry in relation to high livestock potential in the Region has been top priority in the Plan. The Region has proposals to set up seven Ujamaa Ranches within the next two years of the plan. This will be accompanied by investments in range management, expansion of veterinary services, improvements in cattle marketing, allocation of grazing land vs. expansion of cultivation and the improvement of grading in the market. Improvements in present standards will encourage stock owners to raise offtake percentage substantially.

72. The various District Corporations in the Region will also play an active role in the development of the livestock industry. The Maswa and Shinyanga District Corporations have plans to start fattening teams in 1971/72 and the Kahama and Shinyanga Districts Corporations will undertake dairy production. This will necessitate use of grade bulls. Beekeeping will be intensified especially in Kahama District and is likely to pay high return to investment in the area.

73. Water development also receives top priority in the region. Before any progress is made in rural areas especially for the establishment of Ujamaa Villages, water supplies for domestic and livestock use have to be provided. Other priorities for the coming two years include the urgent need to provide adequate agricultural input activities, modification of ginneries, and expansion in transport and storage facilities in rural areas. These services will in part, come from the Shinyanga Region Co-operative Union and the LSMB. Construction of Rural Training Centres has top priority and is required to provide training and skills at local level. Health Services, education facilities and housing are also greatly required if the Region is to develop at all.

Singida Region

74. The regional development strategy remains as given in the Second Five Year Plan. The main potential is in expansion of beef production through range management, improved marketing, and disease control. The Region already has a large number of cattle, but quality is poor, and offtake is low, so that emphasis must be on improved quality and offtake, rather than increased numbers which would only aggravate problems of soil erosion.

75. Priority is also attached to permanent innoculation crushes and dips, stock routes and holding grounds, and livestock markets in a move towards better quality and improved marketing. During 1971/72 the Singida Co-operative Union intends to invest in cattle ranching at Sagara.

76. In the field of crop husbandary, the main potential is expansion of cotton growing in the Wembere Plains. Other important cash crops are groundnuts and castor seeds in the drier areas. Important food crops include sorghum and millets and sweet potatoes, because of their drought resistance. Some progress has been made in use of ox-ploughs and ox-carts, but further ox-training and demonstration is required.

77. One of the main natural resources of the region is the extremely fertile natural fishery of Lake Kitangiri. Emphasis will be given to the establishment of an Ujamaa Village fishing unit on the Lake. Also in the field of natural resources, more attention should be paid to forestry, and re-afforestation to provide firewood, and combat erosion. This requires more regional tree nurseries and expansion in forestry services. Efforts will be made to expand beekeeping in the Region.

78. Rural water supplies are a priority programme for this region, because of low rainfall. The main source of water is boreholes. Over the next two years, the main emphasis will be on supplying water to Ujamaa Villages.

79. Progress in implementing the Second Five Year Plan projects for health and social welfare has been rather slow, and the majority of projects have still not been started. Provision is made in 1971/72 for a Rural Health Centre, and an industrial workshop in the Region.

Tabora Region

80. Main emphasis in Tabora Region in the next two years will be centred on the development of crop husbandry which is the most important sector in the Regional economy. Tobacco, cotton, paddy and maize will continue to be the main crops. Tobacco complexes, including 22 new villages will be established using a loan from the World Bank. Tobacco Research will also be undertaken. Expansion of cotton

will take place especially in Nzega District where improvements in crop husbandry are expected to increase yields. Improvements in cotton roads will be undertaken by LSMB and RDF. Priority is also given to the multiplication and distribution of seeds especially to Ujamaa Villages. The emphasis will be to provide fruit and vegetable seeds and seedlings. The Region, and especially the Ujamaa Villages, will also benefit from Smallholder Irrigation Schemes.

81. The strategy for animal husbandry will be to improve animal management in Nzega District to achieve higher offtake, and to increase the number of cattle in other parts of the region. The development of the pig industry is important and emphasis will be given to the establishment of a pig breeding farm and processing facilities in the Region.

82. The region's timber resources have not been exploited fully. A forestry inventory and survey has been planned to facilitate the exploitation of this wealth. At the same time replanting of fuel wood resources in tobacco growing areas where they are being depleted rapidly and reafforestation in catchment areas around the Mwamapuli Dam and in Mwese Highlands receives very high priority.

83. Projects aimed at the development of Tabora town include site clearance and servicing schemes and low cost housing. An industrial workshop is earmarked for Igalula.

Tanga Region

84. The Tanga Regional Plan has spelled out an elaborate list of priority programmes for the next two years. In agriculture, main emphasis will be on expanding farm planning to curb soil erosion especially in the highland areas. Ultimately, it should be possible to prepare a master land use plan for the Usambara Mountains in order to solve encroachment and soil erosion problems. Intensification in the development and introduction of new agricultural activities is necessary to assist the diversification of sisal and coffee growing areas, as are the measures to expand the use of agricultural inputs and ox-training in a bid to increase crop production. Tea is to be expanded on smallholder plots and Ujamaa Villages.

85. On the Livestock side, dairying offers good opportunities, and could be developed on a Co-operative basis. Ranching activities in Handeni District receive high priority in order to increase beef production in the region. All this should be accompanied by measures to eradicate tickborne diseases in livestock through provision of cattle dips, spraying and bush clearing.

86. Fishing Ujamaa Villages receive high priority, and the forestry programme will emphasise the planting of softwood and quick growing trees to compensate the depletion of trees. Provision is made in 1971/72 for the Hardwood Sawmill at Mkata. Meanwhile the Tembo Chipboard factory and Sawmill has started production, and this will be expanded during the year.

87. Up to now industrial development in Tanga town which is one of the growth centres has been on the upswing. Some projects for which provision is made for 1971/72 include the Steel Rolling Mill, sawmill at Mkata, improvements to the tea factory and preparation of feasibility studies for sisal pulp and Utondwe Salt. However there are opportunities in the expansion of small scale industries in rural areas which have to be exploited. These include setting up of cottage industries in Ujamaa Villages, establishment of small canning units to utilize the Region's fruit production potential, expansion in the production of salt from the sea, and formation of co-operative groups to undertake quarrying. All this will require concerted efforts by Mincom, Parastatals, Ujamaa villages and co-operative groups.

88. Other projects which will benefit the Region in 1971/72 are the construction of the Hale - Kikuletwa power line, provision of low cost housing by NHC and establishment of a Rural Health Centre.

West Lake Region

89. The development strategy for West Lake Region rests on development of agriculture and natural resources. Main areas of activities in 1971/72 will be development of tea, ranching, dairying, and fishing. Development expenditure on tea by the Tanzania Tea Authority will cater for tea nurseries, tea roads, development of green leaf transport, extension, and research and training. Major projects in the livestock sector are the tsetse-clearance project financed by the World Bank, and the development of the Kitengule and Missenyi ranches by NAFCO. Kilimo has plans for a State Dairy Farm, and a veterinary centre.

90. The fisheries potential of the region is very large, and relatively unexploited. Development expenditure in this sector includes setting up Ujamaa Village fishing units, and construction of a large fish receiving station at Bukoba. By contrast, the forestry resources of the region have been heavily exploited over the last forty years, and replanting is needed. Mali Asili will undertake softwood planting trials in the region, and will start a new regional tree nursery.

91. Other projects of direct benefit to the rural sector in 1971/72 are rural water supplies, and the construction of two more rural health centres. Education projects will include further expenditure on the Katoke College of National Education, the completion of Ihungo Secondary School, and additions to Rugambwa Secondary School. A project of importance for Bukoba is the construction of an Industrial Workshop by National Small-Scale Industries Corporation.

(c); REGIONAL AND RURAL PLANNING; MAIN NEW ISSUES

1. Improving Regional and Rural Planning.

During 1970/71, and the preparation of the current Annual Plan, a greater effort than before has been made to implement planning decisions made in the regions. However many shortcomings in regional and rural planning were still evident. Regional and District heads tend to work vertically to their ministries rather than horizontally as members of the Regional/District teams. Decisions are still largely made in Dar es Salaam, with insufficient reference to, or consultation with either Regional Officers or RDPCs. High-level manpower and decision-making power are concentrated at the centre, and the regions have little scope for initiating or influencing projects. This has led to urban bias in project implementation and preparation, poor co-ordination between ministries at the project level, and an undesirable separation of the planning process from the people for whom the plans are made. During 1971/72 decisions must be taken on ways of improving the effectiveness of planning for regional and rural development.

2. Production Planning for Agriculture.

Determination of District crop priorities in the Second Five Year Plan was an initial step in agricultural planning. Under the leadership of Kilimo, this should be carried forward by introducing production planning for selected crops at the regional and sub-regional level. Production targets set at the Regional and District levels can make for a more purposeful and better-co-ordinated extension effort, and should be used by central government in planning, and making policy decisions on expenditure, agricultural pricing, and regional specialisation. At the ward or village level plans made by the people who are to execute them can be a spur to greater effort, and should be used in planning extension efforts, storage and fertilizer needs, etc.

3. Reducing urban bias.

The most important measure for reducing urban bias in planning and plan implementation is improvement of regional participation in the planning process. However, a number of other approaches should also be undertaken. Ministries should evaluate their rural programmes to determine average rates of return, and their impact on recurrent revenue and expenditure, and should channel more funds to the programmes showing the best results.

A similar analysis could be carried out on urban programmes, to see where these could best be cut. This could be done by simple cost-paring. For example, about 16 per cent of the 1970/71 budget was for buildings, many of which are urban. Costs might be cut by deliberately setting the lowest acceptable cost standards for different types of public buildings.

These exercises would be difficult, but would probably amply repay the effort, and should be a major aid in making budgetary decisions on allocation of funds between ministries, and between projects within ministry budgets.

4. Ujamaa Villages.

(a) Forward Planning. Even if there is no acceleration in the rate of formation of ujamaa villages, about a quarter of the population will be living in ujamaa villages within a decade. Forward planning is needed. Forward planning for the Ujamaa Village programme co-ordinated by Maendeleo will be carried out to ensure that we have the financial means to provide necessary inputs for new villages, and the trained cadres to serve them.

On the manpower side, an effort should be made to estimate additional manpower needs or needs for specially-trained manpower from different ministries, arising from the expected growth in the number of ujamaa villages, and set up appropriate training programmes. There is already a shortage of capacity for central processing of ujamaa village plans, which is leading to delays in approving plans. Steps should be taken to improve this capacity through better co-ordination between ministries concerned.

On the financial side formation costs of ujamaa villages require extra budgetary expenditures from the ministries concerned. An effort should be made to evaluate these costs, so that we can plan in advance to make the necessary resources available.

(b) Support for new villages. During their formative stage ujamaa villages need financial aid for activities of low economic viability e.g. clearing bush, constructing access roads, purchase of initial equipment. At this stage it is the responsibility of Maendeleo, in collaboration with the executive ministries, to ensure that they receive at least a minimum of necessary inputs. Experience shows that the extent and nature of such initial support varies widely from region to region. Undoubtedly costs and needs will vary, but if some villages are "spoon-fed" they exhaust resources which could have been used to start more new villages. Guidelines on this point are needed to specify what sort of support should be given for different purposes (food, seed, machinery, etc.) and for how long, and what additional social or economic infrastructure is considered indispensible.

(c) Monthly advances to Wajamaa. Consideration should be given by Devplan, Maendeleo and Credit Institutions to making monthly advances in cash or kind to Wajamaa out of the proceeds of communal farming. This is a logical step in the advancement of co-operative production, and would be an incentive to concentrate more on communal than individual farms. However, this will require a high degree of organisation.

(d) Capital intensity. Maendeleo and Kilimo should give guidance on the question of capital intensive production in ujamaa villages. As a nation, we have fairly abundant land and labour, but very scarce capital resources—especially for imported capital goods. Enthusiasm to modernise may lead to wasteful use of capital. For example, the funds used to purchase one tractor as a gift to an ujamaa village might have paid for 50 ox-ploughs or financed loans in kind for 50 tons of fertilizer a year. These alternatives could benefit more people and lead to a greater increase in output than a single tractor. However there may be cases where capital-intensive production is justified.

5. District Development Corporations.

(a) Activities. It has been clearly laid down that the main objectives of the District Development Coporations (DDCs) is not "business" but development - i.e. increasing total production. So far as commercial projects are concerned, there is a need to re-state the policy to DDCs and financing institutions and clarify any exceptions, for example, whether DDCs should be able to take over retailing of certain necessities; policy also needs to be defined regarding take-overs of existing businesses. In such cases, the DDCs are acting as instruments of socialisation rather than development, since there is not necessarily any increase in production, and much of the expenditure consists of compensation to private owners, not setting up of new productive facilities.

(b) Overall Control. Funds for financing DDCs will be limited and it should be decided whether they are to compete for funds on a purely commercial basis, or whether there should be central co-ordination to ensure that funds are chanelled to particular projects or regions, according to national policy objectives.

VI - CONCLUSION

(a) Main Planning Issues

In this concluding chapter, three general planning issues requiring investigation and analysis during the coming year, are put forward together with a timetable for the major elements of planning work up to the formulation of the Third Plan. The points mentioned below are not exhaustive: the main planning issues and objectives in each of the main sectors have already been set out in Chapter IV above. Regional and Rural planning issues are set out in Chapter V above. Most, but not all, of these issues need to be resolved as part of the mid-plan review of the Second Plan, to be completed by November, 1971.

(i) Review of Recurrent Expenditure Growth and Planning:

2. One of the more significant departures from the expectations of the Second Pla has been the high Recurrent Expenditure growth rate. The causes of and likely trend in this growth must be examined by Treasury and Devplan under the leadership o the former with a view to relating recurrent expenditure to the needs of past and future development projects. This issue is inter-linked with the manpower implications. In agriculture, for example, it appears that not all trained staff can be absorbed at the present restricted expenditure growth rate although more graduates are needed than are presently being produced. Recurrent expenditures have in the past received little attention in the Plan. This situation must be reversed over the coming year. In this connection, it is suggested that the introduction of Programme Budgeting concepts be considered, so as to break down the artificial distinction between capita and recurrent expenditure aimed at a single objective.

(ii) Savings and Finance

3. Related to the above is the need to review the present and future economic and institutional structure of the economy, to see where savings will or could be generate and to whom they will and should accrue. This will involve reconsidering the Plan' financial and foreign exchange framework for 1972/74. This work will be initiated b Devplan, and be undertaken with the Treasury and Bank of Tanzania.

(iii) Investment Strategy

4. At present the country is bearing the burden of a very heavy investment,rat but is not yet enjoying an acceleration in the growth rate. Over the next six month the direction, sectoral allocation and use of investment must be critically reviewed under Devplan's leadership, to find ways of getting better results from furthe investment, as well as from all past projects. This will involve, firstly, a review of the assets created by the investment effort over past Plan periods and, an analysis of pa trends in economic growth to see where the growth came from, who benefitted and how this was related to the development effort during the first decade of indepe ndence. This work will be undertaken by interministerial Working Parties unde Devplan's leadership.

(iv) Timetable for Plans

The timetable for major planning work, to incorporate findings on the issues mentioned earlier, is as follows:—

1971/72

Start work on Industrial Planning	July, 1971
Start work on Agriculture Production Plans	July, 1971 complete by September, 1971
Start work on Regional Annual Plans for 1972/73	Oct., 1971 completed by December, 1971
Complete mid-Plan Review	December, 1971
Start work on Health Development Plan	December, 1971
Issue "guidelines" to 1972/73 Annual Plan	December, 1971
Receive ministries' requests for funds for 1972/73 Annual Plan ...	Mid-February 72
Government review of State of the Economy	March, 1972
1972/73 Annual Plan (Capital and Recurrent Programme) ...	May, 1972

1972/73

Start work on 15–20 year Perspective Plan	June, 1972
Start initial work for Third Plan	September, 1972

(Annual Plan cycle remains the same)

1973/74

Complete Perspective Plan	June, 1973
Complete Industrial Strategy	July, 1973
Complete 18 draft Regional 5-year Plans	September, 1973
Complete, and publish, draft of Third Plan	December, 1973
Issue final edition of Third Plan	April, 1974

(b) Summary of main Features and outlook for 1972/73

In essence, then, 1971/72 must be a year of *consolidation*. Steps will be taken to correct the adverse trends in prices and foreign exchange movements and bring expenditures into line with resources, while existing public institutions are consolidated and their management and operations improved. It is thus a year during which important further *planning* work must be done, to build on the set of socialist institutions that we have created, and on the infrastructure that has been built, and to remedy some of the defects that are emerging in the Second Plan.

Tanzania has now created a comprehensive set of socialist institutions, which collectively control most of the economy. In the finance field the National Bank of Commerce, the Tanzania Rural Development Bank and the Tanzania Investment Bank perform all the main financing functions. In trade and commerce the Marketing Boards, co-operative unions and societies, and State Trading Corporation can control all the main flows of goods. In the productive fields there is now a parastatal specialising in each of the principal sectors—e.g. NAFCO in agriculture, NDC in manufacturing and mining, TWIC in forestry, TTC in tourism and so on. At local levels District Development Corporations and primary co-operative societies could provide the framework for collective involvement in new enterprises. In the rural areas a lot of experience has been gained with the two main new instruments fo progress—ujamaa vijijini and state farms. The former are, for the first time organised units which can receive key inputs,—inputs which in some cases state farms ca provide. All the above institutions, however, are fairly new, and most need sub stantial strengthening and better organization if they are to do the jobs they shoul be doing.

The ministerial re-organization of November, 1970 also created clear functiona responsibilities. Perhaps the weakest link in the chain of institutions is at the Regiona and District level, where effective management teams for rural development are rare The government is now considering proposals for strengthening local planning an implementation organizations.

During the year management responsibility must, at all levels, pass to those wh have to produce results. This means, on the one hand, for example, that a Regional and District levels production campaigns and the provision of supportin inputs must be locally organized and led. On the other hand, it means full partic pation by the people themselves in the decisions being made. To this end, th timing of the planning process itself must allow for such participation, and for 1972/7 the process of setting production targets, preparing Regional Plans, and preparing th guidelines to the 1972/73 Annual Plan, must be completed about two months earli than was done this year, i.e., by December, 1971. These guidelines will give specif estimates of the resources available for starting new projects in 1972/73.

As noted earlier, the larger part of the 1971/72 Development Budget was alread committed to ongoing projects so there was little opportunity to correct divergenc from the planned pattern of expenditure. From 1972/73 onwards, the *level* of con mittment to continuing projects will have diminished somewhat but will *still* take u a large part of the Budget. In particular, some major infrastructure projects will b completed and this will release some domestic resources for investment elsewhere b it will also reduce the inflow of foreign aid unless a sufficient number of new projec are supported by foreign donors. It is clear that internal resource availability w now be a key constraint. Changes in the structure of the economy, for examp caused by import substitution—will make it difficult for the tax system to produ the buoyant revenue growth of the past. Meanwhile, Recurrent Expenditure w increase steadily as new schools, hospitals and other development projects come in operation. Domestic savings can only grow in line with the growth in national inco and there is little further scope for shifts from the private to the public sector as priva savings are already being mobilized through the nationalized financial institutio However, increased savings can be expected from the surpluses of the growing pa statal sector as initial difficulties are overcome and operations carried out mo efficiently. The balance of payments position will continue to require care management so that unforeseen developments do not create a serious fore exchange shortage which would cripple the development programme.

In summary by December this year, the planning work indicated above will ha advanced sufficiently to enable a reformulation of the Second Plan to take pla This will take effect from 1972/73 as we launch into our Second Decade of Independe and Socialist Development.

PART VII

TABLES

PROGRAMME FOR 1971/72

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Item No.	Description	Local	External	Total
	CENTRAL ESTABS			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
	Sub-Vote 804.—Tabora Secretarial College			
4302	Secretarial College, Tabora ...	1,543,500	6,950,400	8,493,900
	Sub-Vote 808.—Institute of Development Management			
4305	Rural Training Centre, Mzumbe	655,900	—	655,900
	Total Group A ... Shs.	**2,199,400**	**6,950,400**	**9,149,800**
	GROUP B.—PROJECTS FOR WHICH FUNDS ARE NOT YET AVAILABLE			
	Sub-Vote 808.—Institute of Development Management			
4301	Institute of Development Management (Mzumbe)	715,000	7,607,000	8,322,000
	Total Group B ... Shs.	**715,000**	**7,607,000**	**8,322,000**
	Total Groups A and B Shs.	**2,914,400**	**8,302,400**	**17,471,800**
	REGIONAL ADMINISTRATION AND RURAL DEVELOPMENT			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
	Sub-Vote 810.—Administration and General			
5302	Government Housing	249,000	—	249,000
	Sub-Vote 811.—Regional Administration			
4902	Regional Development Fund ...	28,500,000	1,500,000	30,000,000
4903	Transport for Local Development	36,000		36,000
4906	Regional Offices	474,600		474,600
	Sub-Vote 812.—District Administration			
4907	District Offices	754,400		754,400

Item No.	Description	Local	External	Total
	Sub-Vote 814.—Rural Development			
4901	National Building (Self-help) Schemes	1,500,000	—	1,500,000
	Sub-Vote 816.—Murutunguru Staff Training Centre			
4306	Murutunguru Staff Training Centre	378,100	—	378,100
	Sub-Vote 817.—National Festivals and State Celebrations			
4910	Monuments	486,000	—	486,000
	Sub-Vote 818.—Ujamaa Villages			
2206	Ujamaa Village Planning Teams	821,000	—	821,000
	Total Group A ... Shs.	**33,199,100**	**1,500,000**	**34,699,100**
	FOREIGN AFFAIRS			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
4907	Lagos Mission	259,000	—	259,000
	Total Group A ... Shs.	**259,000**	—	**259,000**
	DEFENCE			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
	Sub-Vote 834.—General Operations			
	6100. Tanzania People's Defence Force			
6101	Contingencies including Defence	136,800,000	—	136,800,000
	Total Group A ... Shs.	**136,800,000**	—	**136,800,000**

Item No.	Description	Local	External	Total
	NATIONAL SERVICE			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
	Sub-Vote 836.—General Operations			
	5200.—National Service Projects			
5201	National Service Headquarters	920,000	—	920,000
5203	Training Centre, Ruvu... ...	950,000	—	950,000
5204	Training Centre, Mafinga ...	250,000	—	250,000
	Total Group A ... Shs.	**2,120,000**	—	**2,120,000**
	JUDICIARY			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
6402	High Court Reporting Equipment	80,000	—	80,000
6409	District Court, Dar es Salaam ...	623,000	—	623,000
	Total Group A ... Shs.	**703,000**	—	**703,000**
	MINISTRY OF AGRICULTURE AND CO-OPERATIVES			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
4428	Development of New Crops ...	283,000	—	283,00
1704	Marketing Development Bureau	100,000	523,900	623,90
1701	Livestock Markets	100,000	—	100,00
1403	Agricultural Input Demonstration	—	150,000	150,00
4406	Range Development	700,000	3,700,300	4,400,30
4407	Tobacco Schemes	2,000,000	2,996,000	4,996,00

Item No.	Description	Local	External	Total
4502	Livestock Multiplication Unit, Iringa	50,000	—	50,000
4503	Livestock Multiplication Unit, Mbeya	40,000	—	40,000
4504	Livestock Multiplication Unit, Sukumaland	100,000	—	100,000
4514	Livestock Development	300,000	280,000	580,000
4517	Rinderpest Control	260,000	—	260,000
4518	Permanent Innoculation Crushes	50,000	—	50,000
4521	Veterinary Equipment	—	60,000	60,000
4524	Arusha/Kilimanjaro Dairy Development	20,000	—	20,000
4525	Tse-tse Control—Kitengule	300,000	5,060,000	5,360,000
4529	Stock Routes and Holding Grounds	50,000	—	50,000
4327	Equipment for Co-operative Development	60,000	—	60,000
1301	Vine Growing, Dodoma	100,000	—	100,000
1305	Wheat State Farm, Ilindi	150,000	—	150,000
1311	Coconut State Farm, Zegerani	100,000	—	100,000
1324	Production and Distribution of Seed	200,000	—	200,000
1402	Oil Palm State Farm, Kigoma	100,000	—	100,000
1502	Dairy Cattle Breeding and Milk Production, Kitulo	100,000	—	100,000
1504	State Dairy Farm, Oljoro	100,000	—	100,000
1505	State Dairy Farm, Mara	200,000	—	200,000
1506	Livestock Scheme, Kitulo	100,000	—	100,000
1508	Kawalinda State Dairy Farm, Bukoba	200,000	—	200,000
1510	Pig Breeding Farms	20,000	—	20,000
4423	Mechanical Advisory Service	100,000	—	100,000
4425	Seed Multiplication	500,000	700,000	1,200,000
4535	Ox-Training and Demonstration	288,000	—	288,000
4536	National Chick Hatchery, Ukonga	582,000	—	582,000
4542	T.A.M.T.U.	50,000	—	50,000
4706	Small-Holder Irrigation	200,000	—	200,000
2102	Nordic Tanzania Agricultural Project, Mbeya	200,000	4,000,000	4,200,000
2108	Extension, Central Veterinary Laboratory	100,000	—	100,000
2115	Tsetse Control Research Institution	64,000	—	64,000
2125	Agronomic Research	181,000	1,319,000	1,500,000
2126	National Animal Production Research	10,000	—	10,000
2127	Vaccine Production	10,000	—	10,000
2311	Tobacco Research Centre	35 ,000	430,000	780,000
4330	Agricultural Education	700,000	1,300,000	2,000,000

Item No.	Description	Local	External	Total
	4500—Agricultural Improvement—Livestock and Fisheries			
4541	East Coast Fever Control ...	100,000	—	100,000
	Total Group A ... Shs.	**9,218,000**	**20,519,200**	**29,737,200**
	GROUP B.—PROJECTS FOR WHICH NO FUNDS ARE NOT YET AVAILABLE			
4515	Cattle Dips	500,000	—	500,000
4518	Permanent Innoculation—Crushes	100,000	—	100,000
4525	Tsetse Control, Kitengule ...	64,000	—	64,000
4529	Stock Routes and Holding Grounds	550,000	—	550,000
	Sub-Vote 861.—Research and Training			
4316	Agriculture Diploma College ...	500,000	—	500,000
	Total Group B ... Shs.	**1,714,000**	—	**1,714,000**
	Transfers to Parastatals			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
7003	National Agricultural and Food Corporation:			
	Pre-Investment Studies ...	100,000	—	100,000
	Basotu Wheat Scheme ...	750,000	—	750,000
	Seed Company	50,000	—	50,000
	Kagera Sugar Estate... ...	10,000	—	10,000
	Pig Processing	100,000	—	100,000
	Nyamwezi Creameries ...	100,000	—	100,000
	New Mwananchi Ocean Products	250,000	—	250,000
	Mara Dairy Project	800,000	2,684,000 (Denmark)	3,484,000
	NACO	3,821,000	2,884,000 (I.D.A.)	6,705,000
	Total for NAFCO ... Shs.	**5,981,000**	**5,568,000**	**11,549,000**

Item No.	Description	Local	External	Total
7010	Tanzania Tea Authority:			
	Nursery Development ...	4,000,000	—	4,000,000
	Tea Extension and Research	600,000	—	600,000
	Administration and Corporate Costs	1,600,000	—	1,600,000
	Tea Roads	1,000,000	—	1,000,000
	Green Leaf Transport ...	323,000	—	323,000
	Factory Improvements ...	1,000,000	—	1,000,000
	Total for T.T.A. Shs.	**8,523,000**	—	**8,523,000**
7018	National Agricultural Products Board:			
	Silos Project	820,000 (N.A.P.B.)	4,100,000 (Sweden)	4,920,000
	Total Transfers to Parastatals ...	**15,324,000**	**9,668,000**	**24,992,000**
	GROUP B.—PROJECTS FOR WHICH FUNDS ARE NOT YET AVAILABLE			
7008	Tanzania Sisal Corporation:			
	Tobacco Schemes	500,000	—	500,000
	Kange Cattle Schemes ...	200,000	—	200,000
	Azimio Ranch, Tanga ...	400,000	—	400,000
	Cocoa Production	46,000	—	46,000
	Citrus Orchard	276,000	—	276,000
	Total Group B Shs.	**1,422,000**	—	**1,422,000**

Item No.	Description	Local	External	Total
	ECONOMIC AFFAIRS AND DEVELOPMENT PLANNING			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
2205	Project Preparation	2,511,000	—	2,511,000
2202	Agriculture Census	2,500,400	—	2,500,400
2203	Industrial Statistics	300,000	—	300,000
	Total Group A ... Shs.	**5,311,400**	—	**5,311,400**
	GROUP B.—PROJECTS FOR WHICH NO FUNDS ARE YET AVAILABLE			
2206	National Research Plan ...	100,000	—	100,000
	Total (A and B) ... Shs.	**5,411,400**	—	**5,411,400**
	NATIONAL EDUCATION			
4902	Urgent Minor Work	250,000	—	250,000
5601	Public Library	140,000	—	140,000
5101	Teaching accommodation—Primary	8,000,000	—	8,000,000
5102	Teachers' Houses	1,000,000	—	1,000,000
4301	Minaki Secondary School ...	52,500	97,500	150,000
4302	Pugu Secondary School ...	445,000	826,500	1,271,500
4303	Msalato Secondary School ...	175,000	325,000	500,000
4305	Weruweru Secondary School	320,000	590,000	910,000
4306	Mpwapwa Secondary School ...	140,000	260,000	400,000
4308	Musoma Secondary School ...	425,250	789,750	1,215,000
4309	Kilakala Secondary School ...	595,000	1,105,000	1,700,000
4310	Chidya Secondary School ...	143,500	266,500	410,000
4311	Nguvumali Secondary School	39,500	73,450	113,000
4312	Rungwe Secondary School ...	133,700	248,300	382,000
4313	Muhungo Secondary School ...	243,000	451,400	694,400
4314	Rugambwa Secondary School	66,500	123,500	190,000
4316	IDA Contingency	101,200	2,770,950	2,873,100
4317	Njombe Secondary School ...	230,000	—	230,000
4318	Karatu Secondary School ...	2,600,000	—	2,600,000
4323	Iyunga Secondary School ...	78,750	146,250	225,000
4324	Tabora Girls Secondary School	262,500	487,500	750,000
4325	Lyamungu Secondary School	122,000	228,000	350,000
4326	Tanga Secondary School ...	273,000	507,000	780,000
4327	Tarime Secondary School ...	900,000	1,671,400	2,571,400
4328	Mkwawa Secondary School ...	518,000	962,000	1,480,000
4329	Moshi Secondary School ...	8,750	16,250	25,000

Item No.	Description	Local	External	Total
4331	Iringa Girls' Secondary School	210,000	390,000	600,000
4332	Mtwara Secondary School ...	625,000	1,875,000	2,500,000
4333	Sengerema Secondary School	762,000	2,286,000	3,048,000
4334	Bagamoyo Secondary School ...	592,500	1,777,500	2,370,000
4335	Songea Girls' Secondary School	500,000	1,500,000	2,000,000
4340	Adaptations to Colleges of National Education	180,000	—	180,000
4341	Katoke College of National Education	240,000	—	240,000
4342	Butimba College of National Education	487,000	—	487,000
4343	Dar es Salaam College of National Education ...	897,700	377,300	1,275,000
4344	Iringa College of National Education	1,358,800	—	1,358,800
4345	Nachingwea College of National Education	—	3,500,000	3,500,000
4346	Singida College of National Education	2,500,000	—	2,500,000
4350/6	Faculty of Agriculture ...	400,000	1,100,000	1,500,000
4358	Science Extension No. 2 (Chemistry)	—	600,000	600,000
4362/3	Faculty of Engineering... ...	512,000	1,000,000	1,512,000
4367	Bralup Building	—	1,370,000	1,370,000
4368	Dag Hammarskjold House ...	—	900,000	900,000
4369	Hall of Residence No. 7 ...	250,000	—	250,000
4370	Training of Secondary School Teachers	—	1,160,000	1,160,000
5507	Hostel for Acrobats and Dancers	345,000	—	345,000
5206	Work oriented adult literacy project...	86,000	1,000,000	1,086,000
4322	Moshi Technical School ...	122,500	227,500	350,000
4365	Dar es Salaam Technical College	105,000	195,000	300,000
	Total Group A ... Shs.	**29,920,700**	**28,711,500**	**58,642,200**
	GROUP B—PROJECTS FOR WHICH FUNDS ARE NOT YET AVAILABLE			
4360	Halls of Residence (Conversion)	400,000	—	400,000
	Total Group B ... Shs.	**400,000**	—	**400,000**
	Total Groups A and B ... Shs.	**30,320,700**	**28,711,500**	**59,042,200**

Item No.	Description	Local	External	Total
	MINISTRY OF COMMERCE AND INDUSTRIES			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
2206	Industrial Studies and Development Centre	850,000	1,400,000	2,250,00
4302	Cottage Industries Training Centre	50,000	—	50,00
2203	Geological Mapping and Mineral Reconnaissance ...	1,000,000	5,920,000	6,920,00
2207	Kigugwe Copper Development	749,500	705,600	1,455,10
	Total Group A ... Shs.	**2,649,500**	**7,025,600**	**10,675,10**
	Transfer to Parastatals			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
7002	National Development Corporation:			
	Sisal pulp study (icluding Utondwe Salt)	840,000	—	840,00
	Liganga Iron and Coal Study	700,000	5,000,000	5,700,00
	Garments Study	289,300	—	289,30
	Cashew Nuts Hand Processing	500,000	—	500,00
	Steel Rolling Mills	723,000	—	723,00
	Tanzania Cashew Machines...	50,000	—	50,00
	Kenaf Estate	3,000,000	—	3,000,00
	Kenaf Factory	3,000,000	—	3,000,00
	Total N.D.C. ... Shs.	**9,102,300**	**5,000,000**	**14,102,30**
7006	National Small Industries Corporation:			
	Industrial Workshops Igalula, Usangi, Njombe, Dodoma, Mwanza, Singida, Bukoba ...	739,500	—	739,50
	Total N.S.I.C. ... Shs.	**739,500**	—	**739,50**

Item No.	Description	Local	External	Total
	COMMUNICATIONS, TRANSPORT AND LABOUR			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
2301	Surveys and Investigations ...	400,000	—	400,000
4107	Dar es Salaam—Tunduma Road	32,515,200	103,000,000	135,515,200
4113	Oldeani—Mwanza Road ...	1,000,000	4,000,000	5,000,000
4115	Geita—Mara feeder roads ...	30,000	5,500,000	5,530,000
4117	Mtwara Mingoyo Masasi Road	70,000	1,000,000	1,070,000
4118	Songea—Makumbako Road ...	—	700,000	700,000
4130	Dar es Salaam Airport Improvements	2,925,000	—	2,925,000
4131	Kilimanjaro International Airport	—	22,000,000	22,000,000
4133	Airport Fire Service	1,000,000	—	1,000,000
4140	Tanga Moa Road	1,925,000	—	1,925,000
4301	Training	200,000	200,000	400,000
4916	Tanga Jetty	4,140,000	13,860,000	18,000,000
5303	U.N. Staff Housing	1,161,000	1,539,000	2,700,000
5305	USAID Housing	—	1,008,000	1,008,000
4302	National Industrial Apprenticeship Scheme	840,000	2,200,000	3,040,000
4308	National Institute for Productivity	—	800,000	800,000
	Total Group A Shs.	**46,206,200**	**155,807,000**	**202,013,200**
	Transfer to Parastatals			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
7011	National Transport Corporation			
	Road Haulage	782,500	—	782,500
	Head Office	150,000	—	150,000
	Coastal Shipping	300,000	4,355,000	4,655,000
	Total N.T.C. Shs.	**1,332,500**	**4,355,000**	**5,587,500**
7012	Tanzania Zambia Railway Authority			
	Head Office	8,300,000	—	8,300,000
	Railway	145,000,000	—	145,000,000
	Total TAZARA Shs.	**153,300,000**	—	**153,300,000**

Item No.	Description	Local	External	Total
	LANDS, HOUSING AND URBAN DEVELOPMENT			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
2302	Topographical Surveys... ...	1,300,000	2,200,000	3,500,000
4901	Site Clearance and Servicing ...	1,290,000	—	1,290,000
4902	Provision of Residential Plots Dar es Salaam	480,000	—	480,000
4904	Equipment for Regional Offices	37,300	—	37,300
4903	Provision of Plots—Arusha ...	20,000	—	20,000
4905	Provision of Economic Infrastructure, Arusha	250,000	—	250,000
4906	Provision of Economic Infrastructure, Dar es Salaam ...	2,990,000	—	2,990,000
4909	Master Plans—8 towns ..	100,000	—	100,000
2202	National Housing Research Unit	780,000	—	780,000
	Total Group A ... Shs.	**7,247,300**	**2,200,000**	**9,447,300**
	GROUP B.—PROJECTS FOR WHICH FUNDS ARE YET NOT AVAILABLE			
4906	Provision of Economic Infrastructure, Dar es Salaam ...	2,593,500	—	2,593,500
	Total Group B ... Shs.	**2,593,500**	—	**2,593,500**
	Total Groups A and B... Shs.	**9,840,800**	**2,200,000**	**12,040,800**
	Transfer to Parastatals			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
7004	National Housing Corporation	10,200,300	—	10,200,300
	Total Group A ... Shs.	**10,200,300**	—	**10,200,300**

Item No.	Description	Local	External	Total
	Finance Transfer to Parastatal			
	GROUP A.—PROJECT FOR WHICH FINANCE IS AVAILABLE			
7001	Rural Development Bank ...	4,913,300	20,126,000	25,039,300
	Total Group A ... Shs.	**4,913,300**	**20,126,000**	**25,039,300**
	MINISTRY OF HOME AFFAIRS			
	GROUP A.—PROJECT FOR WHICH FUNDS ARE AVAILABLE			
6201	Loliondo Police Station, Arusha	70,000	—	70,000
6203	F.F.U. Kigoma	140,000	—	140,000
6204	Manyovu Police Station, Kigoma	649,000	—	649,000
6205	Nyaronga Police Station, Kigoma	1,000,000	—	1,000,000
6207	Mabamba Police Station, Kigoma	1,008,100	—	1,008,100
6210	Manda Police Station, Iringa ...	1,278,600	—	1,278,600
6213	Kyaka Police Station, W. Lake	887,600	—	887,600
6215	Mtandikeni (Moa) Police Station, Tanga	30,000	—	30,000
6217	Mikese Police Station, Morogoro	802,400	—	802,400
6219	Lugalo Police Station, Iringa ...	725,500	—	725,500
6230	Tarakea Police Station, Moshi...	30,000	—	30,000
6221	Ruaha Police Station, Iringa ...	1,121,300	—	1,121,300
6222	Inyala Police Station, Mbeya ...	1,132,400	—	1,132,400
6237	Gairo Police Station	200,000	—	200,000
6239	Mahurunga Police Station, Mtwara	700,000	—	700,000
6405	Namanga Staff Quarters ...	13,000	—	13,000
6414	Regional Office, Mbeya ...	78,300	—	78,300
6416	Immigration Office, Kasesya ...	30,000	—	30,000
1303	Sumbawanga Wheat Scheme ...	237,000	—	237,000
1304	Songwe Prison Farm	200,000	—	200,000
1305	Mbigiri Rice Scheme, Wami ...	100,000	—	100,000
1401	Urambo Tobacco Farm ...	100,000	—	100,000
6337	Prison Buildings, Mwadui ...	250,000	—	250,000
6338	Electrification Malya	70,000	—	70,000
	Total Group A ... Shs.	**10,853,200**	–	**10,853,200**

Item No.	Description	Local	External	Total
	Group B.—Projects for Which Funds are not yet Available			
6234	Stores	1,500,000	—	1,500,000
	Total Group B ... Shs.	**1,500,000**	—	**1,500,000**
	Total Groups A and B ... Shs.	**12,353,200**	—	**12,353,200**
	MINISTRY OF HEALTH AND SOCIAL WELFARE			
	Group A.—Projects for Which Funds are Available			
5304	Institutional Housing	50,000	—	50,000
5457	Out Patient Centre, Kinondoni	389,600	—	389,600
5458	Out Patient Centre, Morogoro	470,300	—	470,300
5472	Major Improvements to Existing Hospitals	396,000	—	396,000
5402	Nutrition Services	76,000	—	76,000
5401	Rural Health Centres	1,502,900	—	1,502,900
5499	Rural Medical Aid School, Mkomaindo	600,000	—	600,000
5475	Radiotherapy Building ...	850,000	—	850,000
5478	Research Traditional Medicine	50,000	—	50,000
5502	Rehabilitation Centre, Yombo...	700,000	—	700,000
5503	Destitute Centres, Dodoma and Mwanza	443,600	—	443,600
5504	Remand Homes, Arusha and Mwanza	76,000	—	76,000
5508	Irambo Approved School ...	1,914,600	—	1,914,600
5602	National Child Care Centres ...	—	221,200	221,200
	Total Group A ... Shs.	**7,519,000**	**221,200**	**7,740,200**
	INFORMATION AND BROADCASTING			
	Group A.—Projects for which Funds are Available			
1202	Film Processing Plant	884,200	105,000	989,200
4201	Satellite Stations	440,000	3,300,000	3,740 000
	Total Group A ... Shs.	**1,324,200**	**3,405,000**	**4,729,200**

Item No.	Description	Local	External	Total
	MINISTRY OF NATURAL RESOURCES AND TOURISM			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
4330	College of Wildlife	—	949,000	949,000
1516	Boat Building	280,000	—	280,000
1518	Village Fishing units L Areas ...	300,000	—	300,000
1519	Village Fishing units—Coast ...	201,900	—	201,900
2121	L. Vict. Fisheries Research ...	80,000	—	80,000
2122	L. Tanganyika Fisheries Research	50,000	—	50,000
4317	Research and Training Inst. Kunduchi	427,800	—	427,800
4543	Coastal Fisheries Development Mbegani	40,000	—	40,000
4544	Development of Fisheries Services	75,000	—	75,000
4601	Hardwood Planting	612,200	1,233,000	1,845,200
4602	Soft Wood Planting	2,687,100	6,830,000	9,517,100
4604	Forest Development Project	1,000,000	1,511,700	2,511,700
4608	Bee-Keeping	291,700	—	291,700
4609	Regional Tree Nurseries ...	200,000	—	200,000
4610	Forest Inventory	382,000	919,000	1,301,000
	Total Group A ... Shs.	**6,627,700**	**11,442,700**	**18,070,400**
	GROUP B.—PROJECTS FOR WHICH FUNDS ARE NOT YET AVAILABLE			
1702	Fish Receiving Station, L. Victoria	500,000	—	500,000
2120	Forestry Research	611,000	—	611,000
4603	Catchment Forests	300,000	—	300,000
4604	Forest Ind. Development Project ...	418,000	—	418,000
4605	Development of Indigenous Forest	150,000	—	150,000
4610	Forest Inventory	300,000	—	300,000
	Total Group B ... Shs.	**2,279,000**	—	**2,279,000**

Item No.	Description	Local	External	Total
	Transfer to Parastatals Group A			
7014	Tanzania Tourist Corporation	12,282,500	—	12,282,500
7025	Tanzania Wood Ind. Corporation:—			
	Mkata Sawmill	568,000	—	568,000
	Fibre Board Ltd.	921,500	—	921,500
	Imara Plywood	800,000	—	800,000
	Twic Project	1,550,000	—	1,550,000
	Total ... Shs.	**3,839,500**	—	**3,839,500**
	Total Parastatals Group A Shs.	**16,122,000**	—	**16,122,000**
	Transfer to Parastatals Group B			
7005	National Parks	1,000,000	1,000,000	2,000,000
	Total Group B Parastatals Shs.	**1,000,000**	**1,000,000**	**2,000,000**
	WATER DEVELOPMENT AND POWER			
	GROUP A.—PROJECTS FOR WHICH FUNDS ARE AVAILABLE			
2301	Hydrometeorological Survey ...	700,000	180,000	880,000
2302	Surverys and Investigations—National	1,500,000	—	1,500,000
2303	Kagera River Feasibility Study	512,000	1,337,400	1,849,400
2304	Stiegler's Gorge	—	3,500,000	3,500,000
2305	Rural Water Supply-Surveys and Investigations	650,000	5,950,000	6,600,000
3201	Lower Ruvu Scheme	50,000	—	50,000
3205	Tanga Water Supply	150,000	—	150,000
4708	Irrigation and Flood Control ...	200,000	—	200,000
4703	Satellite Ujamaa Village Irrigation	2[illegible]0,000	—	250,000
3201	Expansion of W.D. and I.D. Facilities	[illegible]25,000	675,000	900,000
3202	Rural Water Supply—Development	2,743,000	12,607,000	15,350,000
3203	Purchase of Plant, Vehicles and Equipment	—	4,150,000	4,150,000
3204	Rural Water Supply—Development (carry over)	3,532,000	7,068,000	10,600,000
3211	Urban Water Supplies and Drainage	8,490,000	—	8,490,000
4301	Training—Rural Water Supplies	350,000	1,050,000	1,400,000
4708	Irrigation and Food Control ...	50,000	—	50,000
	Total Group A ... Shs.	**19,402,000**	**36,517,400**	**55,919,400**

Item No.	Description	Local	External	Total
	GROUP B.—PROJECTS FOR WHICH FUNDS ARE NOT YET AVAILABLE			
2305	Rural Water Supply—Survey and Investigation	1,000,000	—	1,000,000
3202	Rural Water Supply Dev. ...	3,145,000	—	3,145,000
3203	Purchase of Plant and Equip. ...	1,050,000	—	1,050,000
3211	Urban Water Supply and Drain.	5,000,000	—	5,000,000
	Total Group B ... Shs.	**10,195,000**	—	**10,195,000**
	Total Groups A and B ... Shs.	**29,597,000**	**36,517,400**	**66,114,400**
	Transfer to Parastatal Group A			
7009	TANESCO	8,942,000	58,219,000	67,161,000
	Total Group A ... Shs.	**8,942,000**	**58,219,000**	**67,161,000**

CONSOLIDATED PARASTATAL BUDGET SUMMARY TABLE 1971/72: CAPITAL EXPENDITURE AND SOURCES OF FUNDS

(Shillings)

Name of Parastatal/Project	Total Expenditure	Sources of Finance						
		Development Budget		Local Borrowing			Own Resources	Foreign Private
		Local	External	NBC*	TIB	Other†		
National Development Corporation:								
Sisal Pulp Study—Utondwe Salt ...	840,000	840,000	—	—	—	—	—	—
Liganga Iron/Coal	5,700,000	700,000	5,000,000	—	—	—	—	—
Garments study	289,300	289,300	—	—	—	—	—	—
Cashwnut hand processing	500,000	500,000	—	—	—	—	—	—
Tanzania Cashew Machines	50,000	50,000	—	—	—	—	—	—
Steel Rolling Mill	6,723,000	723,000	—	6,000,000	—	—	—	—
Kenaf Estate	8,000,000	3,000,000	—	5,000,000	—	—	—	—
Kenaf Factory	32,707,000	3,000,000	—	6,000,000	—	—	—	23,707,000
General Tyre (Radial)	2,600,000	—	—	—	2,600,000	—	—	—
Nyansa Salt Mines	10,087,000	—	—	500,000	3,000,000	2,478,000	1,267,000	2,842,000
Distillery	510,000	—	—	160,000	350,000	—	—	—
National Printing Co.	1,120,000	—	—	—	1,120,000	—	—	—
Tanzania Portland Cement	2,000,000	—	—	—	2,000,000	—	—	—
Total N.D.C. ...	71,126,300	9,102,300	5,000,000	17,660,000	9,070,000	2,478,000	1,267,000	26,549,000
Tanzania Tourist Corporation:								
Tanzania Tours	961,000	—	—	661,000	300,000	—	—	—
Coastal Hotels	12,282,500	12,282,500	—	—	—	—	—	—
Seafaris	1,238,000	—	—	238,000	500,000	500,000	—	—
State Travel Service	800,000	—	—	800,000	—	—	—	—
Total T.T.C.	15,281,500	12,282,500	—	1,699,000	800,000	500,000	—	—
Tanesco								
Kidatu Hydro Project	41,942,000	8,942,000	33,000,000	—	—	—	—	—
Hale Kikuletwa Transmission Line	16,534,000	—	9,579,000	—	—	—	6,955,000	—
Tanesco General Expansion ...	14,000,000	—	14,000,000	—	—	—	—	—
Mwanza Thermal Set	5,822,000	—	1,285,000	—	4,537,000	—	—	—
Marangu Himo Supply	610,000	—	355,000	—	—	—	255,000	—
Njombe	56,000	—	—	—	56,000	—	—	—
Tarime Utegi	1,630,000	—	—	—	1,630,000	—	—	—
Newala	3,100,000	—	—	—	3,100,000	—	—	—
Hale Tanga Transmission Line	3,311,000	—	—	—	—	—	3,311,000	—
Mtwara Lindi Line ...	390,000	—	—	—	—	—	390,000	—
Total Tanesco ...	87,395,000	8,942,000	58,219,000	—	9,323,000	—	10,911,000	—
National Agricultural Products Board:								
Silo Project	4,920,000	820,000	4,100,000	—	—	—	—	—

CONSOLIDATED PARASTATAL BUDGET SUMMARY TABLE 1971/72: CAPITAL EXPENDITURE AND SOURCES OF FUNDS—*contd.*

(Shillings)

Name of Parastatal/Project	Total Expenditure	Sources of Finance						
		Development Budget		Local Borrowing			Own Resources	Foreign Private
		Local	External	N.B.C.*	TIB	Other†		
NATIONAL AGRICULTURAL AND FOOD CO.:								
Pre-investment Studies	100,000	100,000	—	—	—	—	—	—
Basolu Wheat Scheme	750,000	750,000	—	—	—	—	—	—
Tanzania Seed Co.	550,000	50,000	—	—	500,000	—	—	—
Kagera Sugar Estate	10,000	10,000	—	—	—	—	—	—
Pig Processing	793,000	100,000	—	—	500,000	193,000	—	—
Nyamwezi Creameries	100,000	100,000	—	—	—	—	—	—
Mwananchi Ocean Products	1,750,000	250,000	—	—	500,000	—	—	1,000,000
Mtibwa Sugar Estate	1,864,000	—	—	—	500,000	—	—	1,364,000
Mara Dairy	4,284,000	800,000	2,684,000	—	800,000	—	—	—
Lime Products	240,000	—	—	—	240,000	—	—	—
Kwamtili Estates	1,000,000	—	—	—	1,000,000	—	—	—
TOTAL NAFCO ...	11,441,000	2,160,000	2,684,000	—	4,040,000	193,000	—	2,364,000
NATIONAL MILLING CO.:								
Bakery Unit	1,636,000	—	—	—	—	—	1,636,000	—
Maize Mill, Dodoma	280,000	—	—	—	—	—	280,000	—
Canning Unit	525,000	—	—	—	—	—	525,000	—
Central Workshop	710,000	—	—	—	—	—	710,000	—
Canning Factory, Tanga	400,000	—	—	—	—	—	400,000	—
Staff Houses, Dar es Salaam and Dodoma	459,000	—	—	—	—	—	459,000	—
TOTAL NMC ...	4,010,000	—	—	—	—	—	4,010,000	—
TANZANIA TEA AUTHORITY:								
Tea Nursery Development	4,900,000	4,000,000	—	—	—	—	900,000	—
Tea Extension and Research	600,000	600,000	—	—	—	—	—	—
Administration and Corp. costs ...	1,600,000	1,600,000	—	—	—	—	—	—
Tea Roads	1,000,000	1,000,000	—	—	—	—	—	—
Green Leaf Transport	763,000	323,000	—	—	—	—	440,000	—
Factory Devpt. and Operation ...	6,779,000	—	—	1,965,000	—	2,784,000	2,030,000	—
Factory Improvement	2,334,000	1,000,000	—	1,334,000	—	—	—	—
TOTAL TTA ...	17,976,000	8,523,000	—	3,299,000	—	2,784,000	3,370,000	—

CONSOLIDATED PARASTATAL BUDGET SUMMARY TABLE 1971/72: CAPITAL EXPENDITURE AND SOURCES OF FUNDS—*contd.*

(Shillings)

Name of Parastatal/Project	Total Expenditure	Sources of Finance: Development Budget: Local	Development Budget: External	Local Borrowing: NBC*	Local Borrowing: TIB	Local Borrowing: Other†	Own Resources	Foreign Private
LINT AND SEED MARKETING BOARD:								
Godowns Dar es Salaam	800,000	—	—	—	—	—	800,000	—
NATIONAL SMALL INDUSTRIES CORPORATION:								
Industrial Workshops in:— Igalula, Usangi, Njombe, Dodoma, Mwanza, Singida, Bukoba	739,500	739,500	—	—	—	—	—	—
NATIONAL TRANSPORT CORPORATION:								
National Road Haulage	4,653,500	782,500	—	2,871,000	—	1,000,000	—	—
Head Office	150,000	150,000	—	—	—	—	—	—
Coastal Shipping	4,655,000	300,000	4,355,000	—	—	—	—	—
TOTAL NTC. ...	9,458,500	1,232,500	4,355,000	2,871,000	—	1,000,000	—	—
TANZANIA WOOD INDUSTRIES CORPORATION:								
Mkata Sawmill	3,760,000	568,000	—	—	—	3,192,000	—	—
Imara Plywood	4,230,000	800,000	—	500,000	—	2,930,000	—	—
E. A. Fibreboard	5,921,500	921,500	—	—	5,000,000	—	—	—
Tembo Chip boards	2,500,000	—	—	—	2,500,000	—	—	—
Tabora Msitu	2,400,000	—	—	—	2,400,000	—	—	—
Twic Projects	1,550,000	1,550,000	—	—	—	—	—	—
TOTAL TWIC ...	20,361,500	3,839,500	—	500,000	9,900,000	6,122,000	—	—
NATIONAL HOUSING CORPORATION:								
Low cost Housing	10,200,300	10,200,300	—	—	—	—	—	—
STATE TRADING CORPORATION:								
New business areas	700,000	—	—	—	—	—	700,000	—
Regional Storage	8,186,000	—	—	—	—	—	8,186,000	—
TOTAL STC ...	8,886,000	—	—	—	—	—	8,886,000	—

CONSOLIDATED PARASTATAL BUDGET SUMMARY TABLE 1971/72: CAPITAL EXPENDITURE AND SOURCES OF FUNDS—*contd.*

(Shillings)

Name of Parastatal/Project	Total Expenditure	Sources of Finance						
		Development Budget		Local Borrowing			Own Resources	Foreign Private
		Local	External	N.B.C.*	TIB	Other†		
TANZANIA AUDIT CORPORATION: Office Block/Staff flats	1,479,000	—	—	—	—	1,280,000	199,000	
TAZARA:								
Head Office	8,300,000	8,300,000	—	—	—	—	—	—
Railway	‡145,000,000	‡145,000,000	—	—	—	—	—	—
TOTAL ...	153,300,000	153,300,000	—	—	—	—	—	—
NATIONAL INSURANCE CORPORATION: Building Projects	12,000,000	—	—	—	—	—	12,000,000	—
NATIONAL PROVIDENT FUND: Vehicles	88,000	—	—	—	—	—	88,000	—
Rural Development Bank	25,039,300	4,913,300	20,126,000	—	—	—	—	—
BANK OF TANZANIA: Arusha Branch Office	3,500,000	—	—	—	—	—	3,500,000	—
NATIONAL BANK OF COMMERCE:								
Buildings in Progress	—	—	—	—	—	—	—	—
Branches and Extensions	—	—	—	—	—	—	—	—
Motor Vehicles, ...	—	—	—	—	—	—	—	—
Dsm Staff flats, Machinery	—	—	—	—	—	—	—	—
TOTAL NBC ...	15,600,000	—	—	—	—	—	15,600,000	—
TOTAL PARASTATALS ...	(335,306,900)	(74,875,900)	97,368,000	26,029,000	33,133,000	14,357,000	60,631,000	28,913,000
TOTAL incl. PRC Credit ...	(480,306,900)	(219,875,900)	—	—	—	—	—	—

*Working Capital

†EADB, TDFL, PHFC, RDB.

‡PRC Commodity Credit

NOTE:—Projects other than those to be financed through the Development Budget are not necessarily approved nor their sources of funds finalised.

GLOSSARY

MINISTRY/PARASTATAL:	*Telegraphic Address/ Abbreviation Used in the Text*
1. President's Office	CABINET.
3. Central Establishment Division	ESTABS.
3. Ministry of Regional Administration and Rural Development	MAENDELEO.
4. Ministry of Foreign Affairs	FOREIGN.
5. Second Vice-President's Office	MAKAMU.
6. Ministry of Agriculture and Co-operatives	KILIMO.
(a) The National Agricultural Product's Board	NAPB.
(b) Tanzania Sisal Board	TSC.
(c) Tanzania Tobacco Board	TTB.
(d) Tanzania Pyrethrum Board	TPB.
(e) Tanzania Coffee Board	TCB.
(f) Tanzania Sisal Corporation	TSC.
(g) Tanzania Tea Authority	TTA.
(h) The National Mining Corporation	NMC.
(i) The National Dairy Board	NDB.
(j) The National Sugar Board	NSB.
(k) The National Agricultural and Food Co-operation	NAFCO.
(l) The Lint and Seed Marketing Board	LSMB.
7. Ministry of Economic Affairs and Development Planning	DEVPLAN.
8. Ministry of National Education	EDUCATION.
9. Ministry of Commerce and Industries	MINCOM.
(a) National Development Corporation	NDC.
(b) Tanzania Electricity Supply Company Ltd.	TANESCO.
(c) The State Trading Corporation	STC.
(d) National Distributors Ltd.	NDL.
(e) National Small Industries Corporation	NSIC.
(f) Tanzania Italian Petroleum Refinery Company	TIPER.
(g) Tanzania Petroleum Development Company	TPDC.
10. Ministry of Communications, Transport and Labour	COMWORKS.
(a) Workers Development Corporation	WDC.
(b) National Provident Fund	NPF.
(c) National Transport Corporation	NTC.
11. Ministry of Lands, Housing and Urban Development	LANDSURVEY.
(a) Mwananchi Engineering and Construction Company Ltd.	MECCO.
(b) National Housing Corporation	NHC.
(c) National Property Development and Management Company	NPDMC.
12. Ministry of Home Affairs	HOME AFFAIRS.
13. Ministry of Health and Social Welfare	HEALTH.
14. Ministry of Information and Broadcasting	MAELEZO.

15.	Ministry of Finance	TREASURY.
(a)	Bank of Tanzania	BT.
(b)	National Bank of Commerce	NBC.
(c)	National Insurnace Corporation	NIC.
(d)	National Computer Corporation	NCC.
(e)	Tanzania Audit Corporation	TAC.
(f)	Tanzania Rural Development Bank	TRDB.
(g)	Tanzania Investment Bank	TIB.
(h)	Permanent Housing Finance Company of Tanzania Ltd.	PHFC.
(i)	Tanzania Development Finance Company Ltd.	TDFL.
16.	Ministry of Natural Resources and Tourism	MALIASILI.
(a)	National Parks	PARKS.
(b)	Tanzania Wood Industries Corporation	TWIC.
(c)	Tanzania Tourist Corporation	TTC.
17.	Ministry of Water Development and Power	MAJI.
(a)	National Water Resources Council	NWRC.

MULTI-NATIONAL PARASTATALS:

1.	Directorate of Civil Aviation	DCA.
2.	East African Airways Corporation	EAAC.
3.	East African Community	EAC.
4.	East African Development Bank	EADB.
5.	East African Harbours Corporation	EAHC.
6.	Eastern Africa National Shipping Line	EANSL.
7.	East African Posts and Telecommunications	EAP. & T.
8.	Eastern Africa Railways Corporation	EARC.
9.	Tanzania Zambia Pipeline	TAZAMA.
10.	Tanzania Zambia Railway Authority	TAZARA.
11.	Zambia Tanzania Road Services	ZTRS.

INTERNATIONAL ORGANIZATIONS:

1.	African Development Bank	ADB.
2.	Commonwealth Development Corporation	CDC.
3.	Economic Commission for Africa	ECA.
4.	European Economic Community	EEC.
5.	International Bank for Reconstruction and Development (World Bank)	IBRD.
6.	International Monetary Fund	IMF.
7.	International Development Association	IDA.
8.	Swedish International Development Agency	SIDA.
9.	United Nationas Conference on Trade and Development	UNCT[illegible]D.
10.	United Nations Development Programme (Special Fund)	UNDP. (SF).
11.	United Nations Educational, Scientific and Cultural Organization	UNESCO.
12.	United Nations Food and Agricultural Organization	UNFAO.
13.	United States Agency for International Development	USAID.
14.	World Health Organization	WHO.